

ASSEMBLY BILL

No. 996

Introduced by Assembly Member Papan

February 25, 1999

An act to amend Sections 201, 202, and 206 of, and to add Section 163.7 to, the Corporations Code, and to amend Sections 109, 139.5, 143, 200, 216, 234, 256, 258, 261, 262, 274, 275, 276, 277, 3100, 3392.5, 3824, 3825, and 3826 of, and to add Division 21 (commencing with Section 51000) to, the Financial Code, relating to savings banks.

LEGISLATIVE COUNSEL'S DIGEST

AB 996, as introduced, Papan. Savings banks.

Existing law establishes the Department of Financial Institutions, which regulates banks and trust companies, savings associations, credit unions, and industrial loan companies.

This bill would provide for the establishment and regulation by the department of savings banks, defined as a corporation that is organized for the purpose of transacting savings banking business. The bill would define core savings banking business as including the business of receiving deposits, paying checks, and making loans, except as the Commissioner of Financial Institutions may otherwise provide by order or regulation. The bill would exclude from core savings banking business any trust business or any other activities that the commissioner may specify by order or regulation. The bill would also provide for the establishment and regulation of savings bank holding companies. The department would be

authorized to impose various unspecified fees and civil penalties and to adopt regulations.

The bill would enact other related provisions and make conforming changes.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 163.7 is added to the
2 Corporations Code, to read:

3 163.7. "Corporation subject to the Savings Bank Law"
4 means any corporation which, with the approval of the
5 Commissioner of Financial Institutions, is incorporated
6 for the purpose of engaging in the savings banking
7 business.

8 SEC. 2. Section 201 of the Corporations Code is
9 amended to read:

10 201. (a) The Secretary of State shall not file articles
11 setting forth a name in which "bank," "trust," ~~"trustee"~~
12 ~~"trustee,"~~ or related words appear, unless the certificate
13 of approval of the Commissioner of Financial Institutions
14 is attached thereto. This subdivision does not apply to the
15 articles of any corporation subject to the Banking Law *or*
16 *to the Savings Bank Law* on which is endorsed the
17 approval of the Commissioner of Financial Institutions.

18 (b) The Secretary of State shall not file articles ~~which~~
19 ~~that~~ set forth a name which is likely to mislead the public
20 or ~~which that~~ is the same as, or resembles so closely as to
21 tend to deceive, the name of a domestic corporation, the
22 name of a foreign corporation ~~which that~~ is authorized to
23 transact intrastate business or has registered its name
24 pursuant to Section 2101, a name ~~which that~~ a foreign
25 corporation has assumed under subdivision (b) of Section
26 2106, a name ~~which that~~ will become the record name of
27 a domestic or foreign corporation upon the effective date
28 of a filed corporate instrument where there is a delayed
29 effective date pursuant to subdivision (c) of Section 110
30 or subdivision (c) of Section 5008, or a name ~~which that~~
31 is under reservation for another corporation pursuant to

1 this section, Section 5122, Section 7122, or Section 9122,
2 except that a corporation may adopt a name that is
3 substantially the same as an existing domestic corporation
4 or foreign corporation—~~which~~ *that* is authorized to
5 transact intrastate business or has registered its name
6 pursuant to Section 2101, upon proof of consent by—~~such~~
7 *the* domestic or foreign corporation and a finding by the
8 Secretary of State that under the circumstances the
9 public is not likely to be misled.

10 The use by a corporation of a name in violation of this
11 section may be enjoined notwithstanding the filing of its
12 articles by the Secretary of State.

13 (c) Any applicant may, upon payment of the fee
14 prescribed therefor in the Government Code, obtain
15 from the Secretary of State a certificate of reservation of
16 any name not prohibited by subdivision (b), and upon the
17 issuance of the certificate the name stated therein shall be
18 reserved for a period of 60 days. The Secretary of State
19 shall not, however, issue certificates reserving the same
20 name for two or more consecutive 60-day periods to the
21 same applicant or for the use or benefit of the same
22 person, partnership, firm or corporation; nor shall
23 consecutive reservations be made by or for the use or
24 benefit of the same person, partnership, firm or
25 corporation of names so similar as to fall within the
26 prohibitions of subdivision (b).

27 SEC. 3. Section 202 of the Corporations Code is
28 amended to read:

29 202. The articles of incorporation shall set forth:

30 (a) The name of the corporation; provided, however,
31 that in order for the corporation to be subject to the
32 provisions of this division applicable to a close corporation
33 (Section 158), the name of the corporation—~~must~~ *shall*
34 contain the word “corporation”,—~~“incorporated”~~
35 *“incorporated,”* or—~~“limited”~~ *“limited,”* or an
36 abbreviation of one of—~~such~~ *those* words.

37 (b) (1) The applicable one of the following
38 statements:

39 (i) The purpose of the corporation is to engage in any
40 lawful act or activity for which a corporation may be

1 organized under the General Corporation Law of
2 California other than the banking business, the trust
3 company business or the practice of a profession
4 permitted to be incorporated by ~~the California~~
5 ~~Corporations Code~~ *this code*; or

6 (ii) The purpose of the corporation is to engage in the
7 profession of ____ (with the insertion of a profession
8 permitted to be incorporated by ~~the California~~
9 ~~Corporations Code~~ *this code*) and any other lawful
10 activities (other than the banking or trust company
11 business) not prohibited to a corporation engaging in
12 ~~such that~~ profession by applicable laws and regulations.

13 (2) In case the corporation is a corporation subject to
14 the Banking Law, the articles shall set forth a statement
15 of purpose ~~which that~~ is prescribed in the applicable
16 provision of the Banking Law.

17 (3) In case the corporation is a corporation subject to
18 the Insurance Code as an insurer, the articles shall
19 additionally state that the business of the corporation is to
20 be an insurer.

21 (4) *In case the corporation is a corporation subject to*
22 *the Savings Bank Law, the articles shall set forth a*
23 *statement of purpose that is prescribed in the applicable*
24 *provision of the Savings Bank Law.*

25 The articles shall not set forth any further or additional
26 statement with respect to the purposes or powers of the
27 corporation, except by way of limitation or except as
28 expressly required by any law of this state other than this
29 division or any federal or other statute or regulation
30 (including the Internal Revenue Code and regulations
31 thereunder as a condition of acquiring or maintaining a
32 particular status for tax purposes).

33 (c) The name and address in this state of the
34 corporation's initial agent for service of process in
35 accordance with subdivision (b) of Section 1502.

36 (d) If the corporation is authorized to issue only one
37 class of shares, the total number of shares ~~which that~~ the
38 corporation is authorized to issue.

(e) If the corporation is authorized to issue more than one class of shares, or if any class of shares is to have two or more series:

(1) The total number of shares of each class the corporation is authorized to issue, and the total number of shares of each series—~~which~~ *that* the corporation is authorized to issue or that the board is authorized to fix the number of shares of—~~any such~~ *the* series;

(2) The designation of each class, and the designation of each series or that the board may determine the designation of—~~any such~~ *the* series; and

(3) The rights, preferences, privileges and restrictions granted to or imposed upon the respective classes or series of shares or the holders thereof, or that the board, within any limits and restrictions stated, may determine or alter the rights, preferences, privileges and restrictions granted to or imposed upon any wholly unissued class of shares or any wholly unissued series of any class of shares. As to any series the number of shares of which is authorized to be fixed by the board, the articles may also authorize the board, within the limits and restrictions stated therein or stated in any resolution or resolutions of the board originally fixing the number of shares constituting any series, to increase or decrease (but not below the number of shares of—~~such~~ *the* series then outstanding) the number of shares of—~~any such~~ *the* series subsequent to the issue of shares of that series. In case the number of shares of any series shall be so decreased, the shares constituting—~~such~~ *the* decrease shall resume the status—~~which~~ *that* they had prior to the adoption of the resolution originally fixing the number of shares of—~~such~~ *the* series.

SEC. 4. Section 206 of the Corporations Code is amended to read:

206. Subject to any limitation contained in the articles and to compliance with any other applicable laws, any corporation other than a corporation subject to the Banking Law, *the Savings Bank Law*, or a professional corporation may engage in any business activity; and a corporation subject to the Banking Law, *the Savings Bank*

1 *Law*, or a professional corporation may engage in any
2 business activity not prohibited by the respective statutes
3 and regulations to which it is subject.

4 SEC. 5. Section 109 of the Financial Code is amended
5 to read:

6 109. “Bank” or “banks” embraces commercial banks
7 and trust companies unless the context otherwise
8 requires. However, “bank” does not include a *savings*
9 *bank*, a savings association, an industrial loan company, or
10 a credit union.

11 SEC. 6. Section 139.5 of the Financial Code is
12 amended to read:

13 139.5. “Foreign (other state)”:

14 (a) When used with respect to a bank, means a bank
15 that is organized under the laws of any state of the United
16 States other than this state, or a national bank that
17 maintains its main office in any state of the United States
18 other than this state, ~~and includes any savings bank, as~~
19 ~~defined in Section 3(g) of the Federal Deposit Insurance~~
20 ~~Act (12 U.S.C. Sec. 1813(g)), that is organized under the~~
21 ~~laws of a state other than this state.~~

22 (b) When used with respect to an office of a bank,
23 means an office that is located in a state other than this
24 state.

25 (c) When used with respect to a corporation other
26 than a bank, means a corporation that is organized under
27 the laws of any state of the United States other than this
28 state or under the laws of the United States.

29 SEC. 7. Section 143 of the Financial Code is amended
30 to read:

31 143. “Savings association” includes a savings
32 association, a savings and loan association, and a savings
33 bank. However, “savings association” does not include
34 any savings bank ~~of the type defined in Section 3(g) of the~~
35 ~~Federal Deposit Insurance Act (12 U.S.C. Section~~
36 ~~1813(g)) as defined in Section 51077.~~

37 SEC. 8. Section 200 of the Financial Code is amended
38 to read:

39 200. (a) In this section:

(1) “Business and industrial development corporation” means a corporation licensed under Division 15 (commencing with Section 31000).

(2) “Payment instrument” has the same meaning as set forth in Section 33059.

(3) “Traveler’s check” has the same meaning as set forth in Section 1852.

(b) There is in the state government, in the Business, Transportation and Housing Agency, a Department of Financial Institutions—~~which~~ *that* has charge of the execution of, among other laws, the laws of this state relating to any of the following: (1) banks or trust companies or the banking or trust business; (2) savings associations or the savings association business; (3) credit unions or the credit union business; (4) industrial loan companies or the industrial loan business; (5) persons who engage in the business of receiving money for transmission to foreign nations or—~~such~~ *that* business; (6) issuers of traveler’s checks or the traveler’s check business; (7) issuers of payment instruments or the payment instrument business; or (8) business and industrial development corporations or the business and industrial development corporation business; *or* (9) *savings banks or the savings banking business*.

SEC. 9. Section 216 of the Financial Code is amended to read:

216. (a) The commissioner may make the agreements that he or she deems necessary or appropriate in exercising his or her powers.

(b) (1) The agreements authorized under subdivision (a) may include, but are not limited to, agreements with agencies of this state, of other states of the United States, of the United States, or of foreign nations that regulate financial institutions, relating to examinations of banks, *savings banks*, savings associations, credit unions, industrial loan companies, and other matters.

(2) Any agreement with a government agency that regulates financial institutions is exempt from the

1 advertising and competitive bidding requirements of the
2 Public Contract Code.

3 SEC. 10. Section 234 of the Financial Code is amended
4 to read:

5 234. Neither the commissioner nor any deputy or
6 employee of the department shall do or be any of the
7 following with respect to any bank, *savings bank*, savings
8 association, credit union, or industrial loan company
9 supervised by the department:

10 (a) Be indebted, directly or indirectly, as borrower,
11 endorser, surety, or guarantor to ~~any such~~ *that* bank,
12 *savings bank*, savings association, credit union, or
13 industrial loan company.

14 (b) Be an officer, director, or employee of ~~any such~~
15 *that* bank, *savings bank*, savings association, credit union,
16 or industrial loan company.

17 (c) Own or deal in directly or indirectly, the shares or
18 obligations of ~~any such~~ *that* bank, *savings bank*, savings
19 association, credit union, or industrial loan company.

20 (d) Be interested in or, directly or indirectly, receive
21 from ~~any such~~ *that* bank, *savings bank*, savings
22 association, credit union, or industrial loan company or
23 any officer, director, or employee thereof, any salary, fee,
24 compensation, or other valuable thing by way of gift,
25 credit, compensation for services, or otherwise. However,
26 this subdivision does not prohibit any person from being
27 interested in or directly or indirectly receiving (1)
28 anything ~~which~~ *that* is expressly excluded from a
29 definition of “gift” or “honorarium” in the Political
30 Reform Act of 1974 (Title 9 (commencing with Section
31 81000) of the Government Code) or in regulations issued
32 under the Political Reform Act of 1974 by the Fair
33 Political Practices Commission or (2) anything ~~which~~
34 *that*, if received by the commissioner, would constitute a
35 gift or honorarium within the meaning of the Political
36 Reform Act of 1974 or regulations issued under the
37 Political Reform Act of 1974 by the Fair Political Practices
38 Commission but ~~which~~ *that* the commissioner would not
39 be prohibited from receiving under the Political Reform
40 Act of 1974 or regulations issued under the Political

1 Reform Act of 1974 by the Fair Political Practices
2 Commission.

3 (e) Be interested in or engage in the negotiation of any
4 loan to, obligation of, or accommodation for another
5 person to or with ~~any such~~ *that* bank, *savings bank*,
6 savings association, credit union, or industrial loan
7 company.

8 Notwithstanding the foregoing, the commissioner and
9 any deputy or employee may have and maintain one or
10 more deposit or similar accounts in any bank, *savings*
11 *bank*, savings association, credit union, or industrial loan
12 company in this state and may maintain with any bank,
13 *savings bank*, savings association, credit union, or
14 industrial loan company in this state a loan ~~which~~ *that* was
15 not obtained in violation of this section if the person
16 reports the loan in writing to the department within 30
17 days after the person commences his or her term of
18 appointment or employment with the department and if
19 the loan is not renewed, renegotiated, extended, or
20 otherwise modified on or after July 1, 1997.

21 A violation of this section by any person shall constitute
22 sufficient grounds for his or her removal or discharge.

23 SEC. 11. Section 256 of the Financial Code is amended
24 to read:

25 256. On or before May 31 of each year, the
26 commissioner shall, through the Secretary of the
27 Business, Transportation and Housing Agency, report to
28 the Governor and to the Legislature. The report shall
29 contain the following information:

30 (a) A list of the California state banks that were
31 authorized by the commissioner to transact business as of
32 the end of the preceding calendar year.

33 (b) A list of the foreign (other nation) banks that were
34 licensed by the commissioner to maintain offices in
35 California as of the end of the preceding calendar year.

36 (c) *A list of the California savings banks that were*
37 *licensed by the commissioner to transact business as of the*
38 *end of the preceding calendar year.*

1 (d) A list of the California state savings associations
2 that were authorized by the commissioner to transact
3 business as of the end of the preceding calendar year.

4 ~~(d)~~

5 (e) A list of the foreign savings associations that were
6 authorized by the commissioner to maintain offices in
7 California as of the end of the preceding calendar year.

8 ~~(e)~~

9 (f) A list of the California state credit unions that were
10 authorized by the commissioner to transact business as of
11 the end of the preceding calendar year.

12 ~~(f)~~

13 (g) A list of the credit unions organized and qualified
14 as credit unions in other states of the United States that
15 were certified by the commissioner to act as credit unions
16 in California as of the end of the preceding calendar year.

17 ~~(g)~~

18 (h) A list of the California state industrial loan
19 companies that were authorized by the commissioner to
20 transact business as of the end of the preceding calendar
21 year.

22 ~~(h)~~

23 (i) A list of the persons that were licensed by the
24 commissioner under Chapter 14 (commencing with
25 Section 1800), Chapter 14A (commencing with Section
26 1851), Division 15 (commencing with Section 31000), or
27 Division 16 (commencing with Section 33000) to transact
28 business as of the end of the preceding calendar year.

29 ~~(i)~~

30 (j) In case during the preceding calendar year the
31 commissioner took possession of the property and
32 business of any California state bank, foreign (other
33 nation) bank, *savings bank*, savings association, credit
34 union, industrial loan company, or person licensed under
35 any of the laws cited in subdivision—~~(h)~~ (i) to transact
36 business, a list of those California state banks, foreign
37 (other nation) banks, *savings banks*, savings associations,
38 credit unions, industrial loan companies, or licensees.

39 ~~(j)~~

(k) In case at any time during the preceding calendar year the commissioner was the liquidator of any California state banks, foreign (other nation) banks, *savings banks*, savings associations, credit unions, or industrial loan companies, or persons licensed under any of the laws cited in subdivision ~~(h)~~ (i) to transact business, a list of those California state banks, foreign (other nation) banks, *savings banks*, savings associations, credit unions, industrial loan companies, or licensees.

~~(k)~~

(l) Other information as the commissioner deems appropriate.

SEC. 12. Section 258 of the Financial Code is amended to read:

258. At least once each month, the commissioner shall issue and disseminate as the commissioner deems appropriate a bulletin containing the following information:

(a) Information regarding any the following actions taken since issuance of the previous bulletin:

(1) The filing, approval, or denial under Chapter 3 (commencing with Section 350) of an application for authority to organize a California state bank, or the issuance under ~~Chapter 3~~ *that chapter* of a certificate of authority to a California state bank.

(2) *The filing, approval, or denial under Chapter 3 (commencing with Section 51200) of Division 21 of an application for approval to organize a California savings bank, or the issuance under that chapter of a license to a California Savings bank.*

(3) The filing, approval, or denial under Article 1 (commencing with Section 5400) of Chapter 2 of Division 2 of an application for the issuance of an organizing permit for the organization of a California savings association, or for the issuance under Article 2 (commencing with Section 5500) of Chapter 2 of Division 2 of a certificate of authority to a California savings association.

~~(3)~~

(4) The filing, approval, or denial under Article 2 (commencing with Section 14150) of Chapter 2 of Division 5 of an application for a certificate to act as a credit union, or the issuance of a certificate to engage in the business of a credit union.

~~(4)~~

(5) The filing, approval, or denial under Article 2 (commencing with Section 18115) of Chapter 2 of Division 7 of an application for authority to engage in the industrial loan business, or the issuance under Section 18101 of this code of a certificate of authority.

~~(5)~~

(6) The filing, approval, or denial under Chapter 14 (commencing with Section 1800), Chapter 14A (commencing with Section 1851), Division 15 (commencing with Section 31000), or Division 16 (commencing with Section 33000) of an application for a license to engage in business, or the issuance under any of those laws of a license to engage in business.

~~(6)~~

(7) The filing, approval, or denial under Chapter 13.5 (commencing with Section 1700) of an application by a foreign (other nation) bank to establish its first office of any particular class (as determined under Section 1701) in this state, or the issuance under that chapter of a license in connection with the establishment of—~~such~~ *that* an office.

~~(7)~~

(8) The filing, approval, or denial under Division 1.5 (commencing with Section 4800) of an application for approval of a sale, merger, or conversion.

~~(8)~~

(9) The filing, approval, or denial under Article 6 (commencing with Section 5700) of Chapter 2 of Division 2 of an application for approval of a conversion of a federal savings association into a state savings association, or the filing of a federal charter of a state savings association that has converted to a federal savings association.

~~(9)~~

(10) The filing, approval, or denial under Article 7 (commencing with Section 5750) of Chapter 2 of Division 2 of an application for approval of a reorganization, merger, consolidation, or transfer of assets of a state savings association.

~~(10)~~

(11) The filing, approval, or denial under Chapter 9 (commencing with Section 15200) of Division 5 of an application for approval of a merger, dissolution, or conversion of a credit union.

~~(11)~~

(12) The taking of possession of the property and business of a California state bank, savings association, credit union, industrial loan company, or person licensed by the superintendent under any of the laws cited in paragraph ~~(2)~~ (6).

(b) Other information as the commissioner deems appropriate.

SEC. 13. Section 261 of the Financial Code is amended to read:

261. (a) Notwithstanding any other provision of law, the commissioner may deliver fingerprints taken of an applicant for employment, or a director, officer, or employee of a bank, bank holding company, or any subsidiary of a bank or bank holding company, *savings bank, savings bank holding company, or any subsidiary of a savings bank or savings bank holding company*, credit union or any subsidiary of a credit union, industrial loan company, industrial loan holding company, or any subsidiary of an industrial loan company or industrial loan holding company, to local, state, or federal law enforcement agencies for the purpose of obtaining information as to the existence and nature of a criminal record, if any, of that person relating to convictions, and to any arrest for which the person is released on bail or on his or her own recognizance pending trial, for the commission or attempted commission of a crime involving robbery, burglary, theft, embezzlement, fraud, forgery, bookmaking, receiving stolen property,

1 counterfeiting, or involving checks or credit cards or
2 using computers.

3 (b) No request shall be submitted pursuant to this
4 section without the written consent of the person
5 affected.

6 (c) Any criminal history information obtained
7 pursuant to this section shall be confidential and no
8 recipient shall disclose its contents other than for the
9 purpose for which it was acquired.

10 SEC. 14. Section 262 of the Financial Code is amended
11 to read:

12 262. (a) The commissioner shall inform the
13 Commissioner of Corporations and other appropriate
14 state and federal officials charged with the regulation of
15 financial institutions or securities transactions of any
16 enforcement actions, including, but not limited to, civil or
17 criminal actions, cease and desist orders, license or
18 authorization suspensions or revocations, or an open
19 investigation.

20 (b) The commissioner shall inform the Commissioner
21 of Corporations and other appropriate state and federal
22 officials charged with the regulation of financial
23 institutions or securities transactions if it appears that any
24 bank, bank holding company, *savings bank*, *savings bank*
25 *holding company*, savings association, savings and loan
26 holding company, credit union, industrial loan company,
27 industrial loan holding company, or other licensee of the
28 department is conducting its business in a fraudulent,
29 unsafe, unsound, or injurious manner, or has suffered or
30 will suffer substantial financial loss or damage, and it
31 appears to the commissioner that the information is
32 relevant to the regulatory activities of the other agency.

33 SEC. 15. Section 274 of the Financial Code is amended
34 to read:

35 274. Except as otherwise provided in Section 276 or
36 277, all salaries and other expenses of the department,
37 other than those incurred in administering laws relating
38 to *savings banks or the savings banking business*, savings
39 associations or the savings association business, credit
40 unions or the credit union business, or industrial loan



1 companies or the industrial loan business or Article 2
2 (commencing with Section 53630) of Chapter 4 of Part 1
3 of Division 2 of Title 5 of the Government Code, shall be
4 paid out of the State Banking Account in the Financial
5 Institutions Fund. Salaries and other expenses incurred in
6 the liquidation or conservation of any bank or of any
7 person licensed under Chapter 14 (commencing with
8 Section 1800), Chapter 14A (commencing with Section
9 1851), Division 15 (commencing with Section 31000), or
10 Division 16 (commencing with Section 33000), including
11 the compensation of employees of the department to the
12 extent that they are engaged in—~~such~~ *that* liquidation or
13 conservation, if possible, and if advanced from the State
14 Banking Account in the Financial Institutions Fund, shall
15 constitute a first charge against the assets of—~~such~~ *the* bank
16 or licensee, as the case may be.

17 SEC. 16. Section 275 of the Financial Code is amended
18 to read:

19 275. The commissioner shall deliver all moneys
20 received or collected by the commissioner under Section
21 270, 271, or 272 or otherwise, other than moneys received
22 or collected by the commissioner under laws relating to
23 *savings banks, the savings banking business*, savings
24 associations, the savings association business, credit
25 unions, the credit union business, industrial loan
26 companies, or the industrial loan business or Article 2
27 (commencing with Section 53630) of Chapter 4 of Part 1
28 of Division 2 of Title 5 of the Government Code, to the
29 Treasurer, who shall deposit the moneys to the credit of
30 the State Banking Account of the Financial Institutions
31 Fund.

32 SEC. 17. Section 276 of the Financial Code is amended
33 to read:

34 276. (a) In this section, “assessment statute” means
35 any statute that authorizes the commissioner to make or
36 collect an assessment (other than a fine) on financial
37 institutions, including the following:

- 38 (1) Sections 270 to 271.5, inclusive.
- 39 (2) Section 1801.1.
- 40 (3) Section 33302.

1 (4) Article 2 (commencing with Section 8030) of
2 Chapter 7 of Division 2.

3 (5) Article 4 (commencing with Section 14350) of
4 Chapter 3 of Division 5.

5 (6) Sections 18350 to 18352, inclusive.

6 (7) *Sections 51143 to 51146, inclusive.*

7 (8) Section 53667 of the Government Code.

8 (b) The commissioner may charge to and collect from
9 the Financial Institutions Fund, the Credit Union Fund,
10 the Local Agency Deposit Security Fund, each of the
11 accounts included in the Financial Institutions Fund, and
12 each of the programs included in the State Banking
13 Account an amount equal to the fund's, account's, or
14 program's pro rata share of those expenses of the
15 department—~~which~~ *that* in the opinion of the
16 commissioner it is not feasible to attribute to any single
17 one of the funds, accounts, or programs. The fund's,
18 account's, or program's pro rata share shall be
19 determined and paid in the manner and at the time
20 ordered by the commissioner.

21 (c) The provisions of any assessment statute that
22 authorize the commissioner to make or collect an
23 assessment for the purposes specified in the assessment
24 statute include authority for the commissioner to make
25 and collect an assessment for the additional purpose of
26 providing money in an amount that will, in the
27 commissioner's judgment, be sufficient to make
28 payments that may be required under subdivision (b).

29 SEC. 18. Section 277 of the Financial Code is amended
30 to read:

31 277. Notwithstanding any other provision of this code
32 or of Section 53667 of the Government Code, the
33 commissioner may, at any time during a fiscal year, pay
34 any expense of the department from any of the following
35 accounts and funds: the State Banking Account, *the*
36 *Savings Bank Account*, the Savings and Loan Account,
37 the Industrial Loan Account, the Financial Institutions
38 Fund, the Credit Union Fund, and the Local Agency
39 Deposit Security Fund. However, if the commissioner
40 pays an expense of the department from an account or

1 fund from which the expense is not, except for this
2 section, permitted to be paid, the commissioner shall, as
3 of a date within that fiscal year, reimburse the account or
4 fund from which the expense was paid by making a
5 transfer from the account or fund from which the expense
6 would have been permitted to be paid.

7 SEC. 19. Section 3100 of the Financial Code is
8 amended to read:

9 3100. The commissioner may, whenever it appears to
10 him or her that any of the conditions described in
11 subdivisions (a) to (h), inclusive, exist with respect to a
12 bank, forthwith take possession of the property and
13 business of the bank and retain possession until the bank
14 resumes business or its affairs are finally liquidated as
15 herein provided. The bank, with the consent of the
16 commissioner, may resume business subject to conditions
17 prescribed by the commissioner. The term “bank”
18 wherever used in this chapter includes trust companies
19 *and savings banks as defined in Section 51077.*

20 (a) The tangible shareholders’ equity of any bank is
21 less than:

22 (1) In case the bank is a commercial bank, the
23 greater of three percent of the bank’s total assets or one
24 million dollars (\$1,000,000); or

25 (2) In case the bank is a trust company other than a
26 commercial bank authorized to engage in trust
27 business, one million dollars (\$1,000,000).

28 (b) Any bank that has violated its articles or any law
29 of this state.

30 (c) Any bank that is conducting its business in an
31 unsafe or unauthorized manner.

32 (d) Any bank that refuses to submit its books,
33 papers, and affairs to the inspection of any examiner.

34 (e) Any officer of any bank who refuses to be
35 examined upon oath touching the concerns of the bank.

36 (f) Any bank that has failed to pay any of its
37 obligations as they came due or that is reasonably
38 expected to be unable to pay its obligations as they
39 come due.

1 (g) Any bank that is in a condition that it is unsound,
2 unsafe, or inexpedient for it to transact business.

3 (h) Any bank that neglects or refuses to observe any
4 order of the commissioner made pursuant to Section
5 1913 unless the enforcement of the order is restrained
6 in a proceeding brought by the bank.

7 SEC. 20. Section 3392.5 of the Financial Code is
8 amended to read:

9 3392.5. No provision of Section 3390, 3391, or 3392
10 prohibits any of the following from transacting any
11 business or performing any activity if it is authorized by
12 applicable law to transact the business or perform the
13 activity and is not prohibited by any applicable law (other
14 than Sections 3390, 3391, and 3392) from transacting the
15 business or performing the activity:

16 (a) Any California state commercial bank or trust
17 company.

18 (b) Any national bank.

19 (c) Any insured foreign (other state) state bank.

20 (d) Any foreign (other state) state bank that is
21 licensed by the commissioner under Article 4
22 (commencing with Section 3860) of Chapter 22 to
23 maintain a facility (as defined in Section 3800) in this
24 state.

25 (e) Any foreign (other nation) bank that is licensed by
26 the commissioner under Chapter 13.5 (commencing with
27 Section 1700) to maintain an office in this state.

28 (f) Any foreign (other nation) bank that maintains a
29 federal agency (as defined in subdivision (g) of Section
30 1700) or federal branch (as defined in subdivision (h) of
31 Section 1700) in this state.

32 (g) Any California state corporation that is
33 incorporated for the purpose of engaging in, and that is
34 authorized by the commissioner to engage in, business
35 under Article 1 (commencing with Section 3500) of
36 Chapter 19.

37 (h) Any corporation incorporated under Section 25A
38 of the Federal Reserve Act (12 U.S.C. Sec. 612 et seq.).

39 (i) Any foreign corporation that is licensed by the
40 commissioner under Article 1 (commencing with Section

1 3500) of Chapter 19 to maintain an office in this state and
2 to transact at that office business under Article 1
3 (commencing with Section 3500) of Chapter 19.

4 (j) *Any savings bank that is organized under the laws*
5 *of this state and licensed by the commissioner under*
6 *Division 21 (commencing with Section 51000) to engage*
7 *in the savings banking business or that is organized under*
8 *the laws of another state of the United States and is*
9 *insured by the Federal Deposit Insurance Corporation.*

10 (k) Any industrial loan company that is organized
11 under the laws of this state and authorized by the
12 commissioner under Division 7 (commencing with
13 Section 18000) to engage in the industrial loan business or
14 that is organized under the laws of another state of the
15 United States and is insured by the Federal Deposit
16 Insurance Corporation.

17 SEC. 21. Section 3824 of the Financial Code is
18 amended to read:

19 3824. (a) (1) No foreign (other state) bank may
20 merge as the surviving corporation with a California
21 bank, *California savings bank*, or California industrial
22 loan company except that an insured foreign (other
23 state) bank may do so in accordance with federal law, the
24 law of the domicile of the foreign (other state) bank, this
25 chapter, and Division 1.5 (commencing with Section
26 4800).

27 (2) No foreign (other state) bank may purchase the
28 whole business unit of a California bank, *California*
29 *savings bank*, or California industrial loan company,
30 except that an insured foreign (other state) bank may do
31 so in accordance with federal law, the law of the domicile
32 of the foreign (other state) bank, this chapter, and
33 Division 1.5 (commencing with Section 4800).

34 (3) No foreign (other state) bank that does not already
35 maintain a California branch office may establish or
36 maintain a California branch office except in the manner
37 described in paragraph (1) or (2) and in accordance with
38 federal law, the law of the domicile of the foreign (other
39 state) bank, and this chapter.

40 (b) This section constitutes:

1 (1) An election to permit early interstate merger
2 transactions pursuant to Section 44(a)(3) of the Federal
3 Deposit Insurance Act (12 U.S.C. Sec. 1831u(a)(3)).

4 (2) An express prohibition against interstate
5 branching through the acquisition of a branch business
6 unit located in this state of a California bank, *California*
7 *savings bank*, or California industrial loan company
8 (without acquisition of the whole business unit of the
9 California bank, *California savings bank*, or California
10 industrial loan company) pursuant to Section 44(a)(4) of
11 the Federal Deposit Insurance Act (12 U.S.C. Sec.
12 1831u(a)(4)).

13 (3) An express prohibition against interstate
14 branching through de novo establishment of California
15 branch offices pursuant to Section 5155 of the Revised
16 Statutes (12 U.S.C. Sec. 36) or Section 18(d) of the
17 Federal Deposit Insurance Act (12 U.S.C. Sec. 1828(d)).

18 SEC. 22. Section 3825 of the Financial Code is
19 amended to read:

20 3825. (a) No foreign (other state) bank that does not
21 already maintain a California branch office may:

22 (1) Merge as the surviving bank with a California
23 bank, *California savings bank*, or California industrial
24 loan company pursuant to paragraph (1) of subdivision
25 (a) of Section 3824, unless the California bank, *California*
26 *savings bank*, or California industrial loan company has
27 been in existence for at least five years.

28 (2) Purchase the whole business unit of a California
29 bank, *California savings bank*, or California industrial
30 loan company pursuant to paragraph (2) of subdivision
31 (a) of Section 3824 unless the California bank, *California*
32 *savings bank*, or California industrial loan company has
33 been in existence for at least five years.

34 (b) For purposes of this section, a California bank,
35 *California savings bank*, or California industrial loan
36 company that is established solely for the purpose of, and
37 does not open for business prior to, acquiring the whole
38 business unit of a second California bank, *California*
39 *savings bank*, or California industrial loan company
40 through a merger or purchase is deemed to have been in

1 existence for the same period of time as the second
2 California bank or California industrial loan company.

3 SEC. 23. Section 3826 of the Financial Code is
4 amended to read:

5 3826. The minimum age requirement set forth in
6 Section 3825 does not apply in any case in which the factor
7 set forth in subdivision (a) and any of the factors set forth
8 in subdivision (b) apply.

9 (a) The foreign (other state) bank, by itself or in
10 concurrent transactions with other depository
11 corporations (as defined in Section 4805.06), acquires the
12 whole business unit of the California bank, *California*
13 *savings bank*, or California industrial loan company or, if
14 the California bank, *California savings bank*, or California
15 industrial loan company has been closed or placed in
16 conservatorship, all or substantially all of the insured
17 deposits of the California bank, *California savings bank*,
18 or California industrial loan company.

19 (b) (1) If the California bank is a national bank, one
20 of the following:

21 (A) The bank is in default or in danger of default, as
22 defined in Section 3(x) of the Federal Deposit Insurance
23 Act (12 U.S.C. Sec. 1813(x)).

24 (B) The purchase or merger is one with respect to
25 which the Federal Deposit Insurance Corporation
26 provides assistance under Section 13(c) of the Federal
27 Deposit Insurance Act (12 U.S.C. Sec. 1823(c)).

28 (2) If the California bank is a state bank, one of the
29 following:

30 (A) The commissioner has taken possession of the
31 property and business of the bank pursuant to Section
32 3100.

33 (B) The purchase or merger is one with respect to
34 which the Federal Deposit Insurance Corporation
35 provides assistance under Section 13(c) of the Federal
36 Deposit Insurance Act (12 U.S.C. Sec. 1823(c)).

37 (C) The commissioner finds that one or more of the
38 factors listed in Section 3100 exists and that imposing the
39 minimum age requirement of Section 3825 is not in the
40 public interest.

1 (3) *In the case of a California savings bank, one of the*
2 *following:*

3 (A) *The commissioner has taken possession of the*
4 *property and business of the savings bank pursuant to*
5 *Section 3100.*

6 (B) *The purchase or merger is one with respect to*
7 *which the Federal Deposit Insurance Corporation*
8 *provides assistance under Section 13(c) of the Federal*
9 *Deposit Insurance Act (12 U.S.C. Sec. 1823(c)).*

10 (C) *The commissioner finds that one or more of the*
11 *factors listed in Section 3100 exists and that imposing the*
12 *minimum age requirement of Section 3825 is not in the*
13 *public interest.*

14 (4) *In the case of a California industrial loan company,*
15 *one of the following:*

16 (A) *The commissioner has taken possession of the*
17 *property and business of the industrial loan company*
18 *pursuant to Section 18415.*

19 (B) *The purchase or merger is one with respect to*
20 *which the Federal Deposit Insurance Corporation*
21 *provides assistance under Section 13(c) of the Federal*
22 *Deposit Insurance Act (12 U.S.C. Sec. 1823(c)).*

23 (C) *The commissioner finds that one or more of the*
24 *factors listed in Section 18415 exists and that imposing the*
25 *minimum age requirement of Section 3825 is not in the*
26 *public interest.*

27 SEC. 24. Division 21 (commencing with Section
28 51000) is added to the Financial Code, to read:

29
30 DIVISION 21. SAVINGS BANKS

31
32 CHAPTER 1. GENERAL PROVISIONS

33
34 Article 1. Short Title, Construction, and Severability

35
36 51000. This division shall be known and may be cited
37 as the “Savings Bank Law.”

38 51001. This division shall be liberally construed to
39 accomplish its purposes.

1 51002. In this division, unless otherwise expressly
2 provided:

3 (a) A reference to a statute or to a regulation includes
4 the statute or regulation as amended, whether before or
5 after the effective date of this division, as well as any new
6 statute or regulation substituted for the referenced
7 statute or regulation after the effective date of this
8 division.

9 (b) A reference to a governmental agency or to a
10 public officer includes any governmental agency or
11 public officer that succeeds after the effective date of this
12 division to substantially the same functions as those
13 performed by the referenced governmental agency or
14 public officer on the effective date of this division.

15 51003. (a) All references in this division and in
16 Division 1 (commencing with Section 100) of Title 1 of
17 the Corporations Code to financial statements, balance
18 sheets, income statements, and statements of changes in
19 financial position of a savings bank and all references to
20 assets, liabilities, earnings, retained earnings,
21 shareholders' equity, and similar accounting items of a
22 savings bank mean the financial statements or accounting
23 items prepared or determined in conformity with
24 generally accepted accounting principles then
25 applicable, fairly presenting in conformity with generally
26 accepted accounting principles the matters which they
27 purport to present, subject to any specific accounting
28 treatment required by any provision of Division 1
29 (commencing with Section 100) of Title 1 of the
30 Corporations Code, of this division, or of any regulation
31 or order issued under this division.

32 (b) The commissioner may, by regulation or order,
33 require that any financial statement or accounting item
34 of a savings bank be prepared or determined in a manner
35 other than in conformity with generally accepted
36 accounting principles if the commissioner finds that the
37 other manner is necessary or advisable to carry out the
38 purposes or provisions of this division.

1 51004. (a) References in this division to the voting of
2 shares shall be construed in accordance with Section 111
3 of the Corporations Code.

4 (b) If the articles of a California savings bank provide
5 for more or less than one vote for any share on any matter,
6 the references in Sections 51044, 51045, and 51046 to a
7 majority or other proportion of shares means, as to that
8 matter, a majority or other proportion of the votes
9 entitled to be cast. Whenever, under Division 1
10 (commencing with Section 100) of Title 1 of the
11 Corporations Code or this division, shares are disqualified
12 from voting on any matter, they shall not be considered
13 outstanding for the determination of a quorum at any
14 meeting to act upon, or the required vote to approve
15 action upon, the matter under any provision of Division
16 1 (commencing with Section 100) of Title 1 of the
17 Corporations Code, of this division, or of the articles or
18 bylaws.

19 (c) Any requirement in this division for a vote of each
20 class of outstanding shares shall be construed in
21 accordance with Section 117 of the Corporations Code.

22 51005. If any provision of this division or the
23 application thereof to any person or circumstances is held
24 invalid, illegal, or unenforceable, the invalidity, illegality,
25 or unenforceability shall not affect other provisions or
26 applications of this division which can be given effect
27 without the invalid, illegal, or unenforceable provision or
28 application; and, to this end, the provisions of this division
29 are declared to be severable.

30 Article 2. Legislative Purposes

31
32
33 51020. (a) The purposes of this division are:

34 (1) To protect the interests of account holders of
35 savings banks.

36 (2) To protect the interests of persons to whom
37 California savings banks offer or sell their securities. In
38 this paragraph, “offer,” “sell,” and “security” have the
39 meanings set forth in Section 51440.

1 (3) To provide for savings banks to be maintained in
2 safe and sound condition.

3 (4) To provide for savings banks to transact business in
4 a safe and sound manner.

5 (5) To maintain public confidence in savings banks.

6 (6) To promote the public convenience and
7 advantage.

8 (b) The purposes of this division, as set forth in
9 subdivision (a), constitute standards that the
10 commissioner shall observe in administering the
11 provisions of this division.

12
13 Article 3. Definitions
14

15 51040. Subject to additional definitions contained in
16 this division that are applicable to specific provisions of
17 this division and unless the context otherwise requires,
18 the definitions in this article apply throughout this
19 division.

20 51041. “Act” includes omission.

21 51042. “Account holder” includes the following:

22 (a) In the case of a deposit account, each depositor.

23 (b) In the case of a trust account, each trustor and
24 beneficiary of the trust account.

25 (c) In the case of any other fiduciary account, each
26 person who occupies, with respect to the account, a
27 position that is similar to the position that a settlor or
28 beneficiary occupies with respect to a trust account.

29 51043. “Affiliate,” when used with respect to a
30 specified person, means any person (other than a natural
31 person) controlling, controlled by, or under common
32 control with, the specified person, directly or indirectly
33 through one or more intermediaries.

34 51044. “Approved by (or approval of) the board”
35 means approved or ratified by the vote of the board or by
36 the vote of a committee authorized to exercise the powers
37 of the board, except as to any matter not within the
38 competence of the committee under Section 311 of the
39 Corporations Code or any matter for which this division

1 also requires approval of the shareholders or approval of
2 the outstanding shares.

3 51045. “Approved by (or approval of) the
4 outstanding shares” has the meaning set forth in Section
5 152 of the Corporations Code and includes approval by
6 the affirmative vote of a majority of the outstanding
7 shares of each class or series entitled, by any provision of
8 the articles, of this division, or of Division 1 (commencing
9 with Section 100) of Title 1 of the Corporations Code, to
10 vote as a class or series on the subject matter being voted
11 upon, and also includes approval by the affirmative vote
12 of a greater proportion (including all) of the outstanding
13 shares of any class or series if the greater proportion is
14 required by the articles, by this division, or by Division 1
15 (commencing with Section 100) of Title 1 of the
16 Corporations Code.

17 51046. “Approved by (or approval of) the
18 shareholders” has the meaning set forth in Section 153 of
19 the Corporations Code and includes approval or
20 ratification by the affirmative vote or written consent of
21 any proportion (including all) greater than a majority of
22 the shares of any class or series that may be provided in
23 the articles, in this division, or in Division 1 (commencing
24 with Section 100) of Title 1 of the Corporations Code for
25 all or any specified shareholder action.

26 51047. “Articles” has the meaning set forth in Section
27 154 of the Corporations Code.

28 51048. “Board” has the meaning set forth in Section
29 155 of the Corporations Code.

30 51049. “Branch office,” when used with respect to a
31 savings bank, means a place, other than the savings bank’s
32 head office, at which the savings bank engages in, or is
33 authorized to engage in, core savings banking business.

34 51050. (a) “Business day” means any day other than
35 (1) Saturday, (2) Sunday, and (3) any other day which is
36 specified or provided for as a holiday in the Government
37 Code.

38 (b) When used with respect to an office of a bank, an
39 office that is located in this state.

40 51051. “California”:



1 (a) When used with respect to a savings bank, means
2 a savings bank that is organized under the laws of this
3 state.

4 (b) When used with respect to a commercial bank,
5 means, in the case of a state commercial bank, a
6 commercial bank that is organized under the laws of this
7 state and, in the case of a national bank that is a
8 commercial bank, a national bank that maintains its main
9 office in this state.

10 (c) When used with respect to an industrial loan
11 company, means an industrial loan company that is
12 organized under the laws of this state.

13 (d) When used with respect to an office, means an
14 office that is located in this state.

15 51052. "Commercial bank" has the meaning set forth
16 in Section 105.

17 51053. "Commissioner" means the Commissioner of
18 Financial Institutions.

19 51054. "Contributed capital" means all of
20 shareholders' equity other than retained earnings.
21 However, nothing in this section prohibits a California
22 savings bank from transferring amounts from time to
23 time from its retained earnings to its contributed capital,
24 subject to any applicable statutes, regulations, and
25 generally accepted accounting principles.

26 51055. "Control" means possession, direct or indirect,
27 of the power to do any of the following:

28 (a) To vote 25 percent or more of any class of the
29 voting securities issued by a person.

30 (b) To direct or cause the direction of the
31 management and policies of a person, whether through
32 the ownership of voting securities, by contract (other
33 than a commercial contract for goods or nonmanagement
34 services), or otherwise. However, no individual shall be
35 deemed to control a person solely on account of being a
36 director, officer, or employee of the person. For purposes
37 of this subdivision, a person who, directly or indirectly,
38 owns, controls, holds with the power to vote, or holds
39 proxies representing, 10 percent or more of the then

1 outstanding voting securities issued by another person, is
2 presumed to control the other person.

3 51056. “Controlling person,” when used with respect
4 to a specified person other than a natural person, means
5 any person that controls the specified person, directly or
6 indirectly through one or more intermediaries.

7 51057. “Core savings banking business” includes the
8 business of receiving deposits, paying checks, and making
9 loans, except as the commissioner may otherwise provide
10 by order or regulation. Also, “core savings banking
11 business” includes any other activities that the
12 commissioner may specify by order or regulation.
13 However, “core savings banking business” does not
14 include any trust business or any other activities that the
15 commissioner may specify by order or regulation.

16 51058. “Directors” has the meaning set forth in
17 Section 164 of the Corporations Code.

18 51059. “Distribution to its shareholders” has the
19 meaning set forth in Section 166 of the Corporations
20 Code. However, in Division 1 (commencing with Section
21 100) of Title 1 of the Corporations Code and in this
22 division, “distribution to its shareholders” does not
23 include any purchase of shares by a California savings
24 bank or by a majority-owned subsidiary of a California
25 savings bank that is necessary to prevent or reduce loss to
26 the California savings bank or to the majority-owned
27 subsidiary on an extension of credit previously made in
28 good faith. Also, in this division, “distribution to its
29 shareholders” includes any distribution made by a
30 California savings bank or by a majority-owned subsidiary
31 of a California savings bank to the shareholders of any
32 corporation of which the California savings bank is a
33 majority-owned subsidiary.

34 51060. To “extend credit” includes to make, renew, or
35 acquire a loan, to make an advance, to purchase assets
36 under a repurchase agreement, or to guarantee payment
37 of an obligation to pay money.

38 51061. “Facility,” when used with respect to a savings
39 bank, means a place, other than the savings bank’s head
40 office or a branch office, at which the savings bank

1 engages in, or is authorized to engage in, noncore savings
2 banking business and at which it neither is authorized to
3 engage in, nor engages in, core savings banking business.

4 51062. (a) “Federal savings association” means a
5 savings association or savings bank organized pursuant to
6 Section 5 of the Home Owners’ Loan Act (12 U.S.C. Sec.
7 1464).

8 (b) For purposes of this division, a federal savings
9 association is deemed to be a corporation.

10 51063. “Foreign (other state)”:

11 (a) When used with respect to a savings bank, means
12 a savings bank that is organized under the laws of any
13 state of the United States other than this state.

14 (b) When used with respect to a commercial bank,
15 means a commercial bank that is organized under the
16 laws of any state of the United States other than this state
17 or a national bank that is a commercial bank and
18 maintains its main office in any state of the United States
19 other than this state.

20 (c) When used with respect to a savings association,
21 means a savings association that is organized under the
22 laws of any state of the United States other than this state
23 or a federal savings association that maintains its main
24 office in any state of the United States other than this
25 state.

26 (d) When used with respect to an industrial loan
27 company, means an industrial loan company that is
28 organized under the laws of any state of the United States
29 other than this state.

30 (e) When used with respect to an office, means an
31 office that is located in a state other than this state.

32 (f) When used with respect to a corporation other than
33 a bank, means a corporation that is organized under the
34 laws of any state of the United States other than this state
35 or under the laws of the United States.

36 51064. “Industrial loan company” means a
37 corporation of the type described in Section 18003
38 organized under the laws of this state or a corporation of
39 similar type organized under the laws of any state of the
40 United States other than this state.

1 51065. “Insured,” when used with respect to a savings
2 bank, commercial bank, savings association, or industrial
3 loan company, means an institution the deposits of which
4 are insured by the Federal Deposit Insurance
5 Corporation under the Federal Deposit Insurance Act
6 (12 U.S.C. Sec. 1811 et seq.).

7 51066. “Law of the domicile,” when used with respect
8 to a savings bank, means the law of the state of the United
9 States under which the savings bank is organized.

10 51067. “Majority-owned subsidiary” has the meaning
11 set forth for “subsidiary” in subdivision (a) of Section 189
12 of the Corporations Code.

13 51068. (a) “National bank” or “national banking
14 association” means a national banking association
15 organized under the National Bank Act.

16 (b) For purposes of this division, a national bank is
17 deemed to be a corporation.

18 51069. “Noncore savings banking business” means all
19 activities permissible for a savings bank except core
20 savings banking business and except any activities that
21 are prohibited by law or determined by the commissioner
22 by regulation or order not to be noncore savings banking
23 business.

24 51070. “Office” includes head office, branch office,
25 and facility.

26 51071. “Officer”:

27 (a) When used with respect to a corporation, means
28 any person appointed or designated as an officer of the
29 corporation by or pursuant to applicable law or the
30 articles of incorporation or bylaws of the corporation or
31 any person who performs with respect to the corporation
32 functions usually performed by an officer of a
33 corporation.

34 (b) When used with respect to a specified person other
35 than a natural person or a corporation, means any person
36 who performs with respect to the specified person
37 functions usually performed by an officer of a corporation
38 with respect to the corporation.

39 51072. “Officers’ certificate” has the meaning set
40 forth in Section 173 of the Corporations Code.

1 51073. “Order” means any approval, consent,
2 authorization, exemption, exception, denial, objection to
3 a notice, prohibition, or requirement applicable to a
4 specific case issued by the commissioner. “Order” does
5 not include any license issued under this division but does
6 include any condition of that license.

7 51074. “Parent,” when used with respect to a
8 specified person other than a natural person, means any
9 person other than a natural person that controls the
10 specified person, directly or indirectly through one or
11 more intermediaries.

12 51075. “Person” means any natural person,
13 proprietorship, joint venture, partnership, trust, business
14 trust, syndicate, association, joint stock company,
15 corporation, limited liability company, government,
16 agency of any government, or any other organization.
17 However, “person,” when used with respect to acquiring
18 control of or controlling a specified person, includes any
19 combination of two or more persons acting in concert.

20 51076. (a) For purposes of this section, “savings
21 bank” means a savings bank as defined in Section 5117, a
22 corporation of similar type organized under the laws of
23 any state of the United States other than this state, or a
24 savings bank organized pursuant to Section 5 of the Home
25 Owners’ Loan Act (12 U.S.C. Sec. 1464).

26 (b) “Savings association” means a savings association,
27 a savings and loan association, or a savings bank.

28 51077. “Savings bank” means a corporation that is
29 organized for the purpose of transacting savings banking
30 business. “Savings bank” includes any savings bank, as
31 defined in Section 3(g) of the Federal Deposit Insurance
32 Act (12 U.S.C. Sec. 1813(g)). However, “savings bank”
33 does not include any savings bank, as defined in Section
34 5117, a corporation of similar type organized under the
35 laws of any state of the United States other than this state,
36 or a savings bank organized pursuant to Section 5 of the
37 Home Owners’ Loan Act (12 U.S.C. Sec. 1464).

38 51078. “Series,” when used with respect to shares, has
39 the meaning set forth in Section 183 of the Corporations
40 Code.

1 51079. “Shares” has the meaning set forth in Section
2 184 of the Corporations Code.

3 51080. “Shareholder” has the meaning set forth in
4 Section 185 of the Corporations Code.

5 51081. “State,” when used with respect to a
6 corporation, means a corporation that is organized under
7 the laws of a state of the United States.

8 51082. “State of the United States” means any state of
9 the United States, the District of Columbia, any territory
10 of the United States, Puerto Rico, Guam, American
11 Samoa, the Trust Territory of the Pacific Islands, the
12 Virgin Islands, and the Northern Mariana Islands.

13 51083. “Subsidiary,” when used with respect to a
14 specified person other than a natural person, means any
15 person other than a natural person that is controlled by
16 the specified person, directly or indirectly through one or
17 more intermediaries.

18 51084. “Vote” has the meaning set forth in Section 194
19 of the Corporations Code.

20 51085. “Voting power” has the meaning set forth in
21 Section 194.5 of the Corporations Code.

22

23 Article 4. Other General Provisions

24

25 51086. If and to the extent that any provision of this
26 division is preempted by federal law, the provision does
27 not apply and shall not be enforced.

28 51087. No provision of this division imposing any
29 liability or sanction applies to any act committed in good
30 faith in conformity with any regulation, order, or written
31 interpretive opinion of the commissioner or of the
32 Attorney General, notwithstanding that the regulation,
33 order, or written interpretive opinion may later be
34 amended, rescinded, or repealed or be determined by
35 judicial or other authority to be invalid for any reason.

36 51088. (a) A savings bank is exempted from the
37 restrictions of Section 1 of Article XV of the California
38 Constitution relating to rates of interest upon the loan or
39 forbearance of any money, goods, or things in action or on
40 accounts after demand.



1 (b) This section does not exempt a savings bank from
2 complying with all other laws and regulations governing
3 the business in which it is engaged.

4 (c) This section creates and authorizes an exempt class
5 of persons pursuant to Section 1 of Article XV of the
6 California Constitution.

7 (d) All savings banks operating under this division
8 shall qualify as a qualified thrift lender, as defined in
9 Section 10(m) of the federal Home Owners' Loan Act (12
10 U.S.C.A. Sec. 1467a(m)), as in effect on March 19, 1998.

11
12 CHAPTER 2. ADMINISTRATION

13
14 Article 1. General Provisions

15
16 51100. The provisions of this division shall be
17 administered by the commissioner.

18 51101. (a) The several powers granted to the
19 commissioner under this division are in addition to, and
20 not in limitation of, each other. The fact that the
21 commissioner possesses, or has exercised, a power under
22 any provision of this division shall not preclude the
23 commissioner from exercising a power under any other
24 provision of this division.

25 (b) The several powers granted to the commissioner
26 under this division are in addition to, and not in limitation
27 of, the commissioner's powers under other provisions of
28 law. The fact that the commissioner possesses, or has
29 exercised, a power under any other provision of law shall
30 not preclude the commissioner from exercising any
31 power under this division; nor shall the fact that the
32 commissioner possesses, or has exercised, a power under
33 any provision of this division preclude the commissioner
34 from exercising a power under any other provision of law.

35 51102. Every final order, decision, license, or other
36 official act of the commissioner under this division is
37 subject to judicial review in accordance with law.

38 51103. (a) The commissioner may, from time to time,
39 issue any regulations or orders that are in the

1 commissioner's opinion necessary or advisable to carry
2 out the provisions and purposes of this division.

3 (b) Regulations and orders issued under this division
4 may, among other things, define any term used in this
5 division.

6 (c) For purposes of regulations and orders issued
7 under this division, the commissioner may classify
8 persons, transactions, and other matters within the
9 commissioner's jurisdiction, and may prescribe different
10 regulations or orders for different classes.

11 (d) The commissioner may waive any provision of any
12 regulation issued under this division in any case where in
13 the commissioner's opinion the provision is not necessary
14 or advisable in the public interest.

15 51104. Whenever the commissioner issues an order or
16 license under this division, the commissioner may impose
17 any conditions that are in the commissioner's opinion
18 necessary or advisable to carry out the provisions and
19 purposes of this division.

20 51105. The commissioner may, for good cause,
21 amend, suspend, or revoke any order issued under this
22 division.

23 51106. The commissioner may, by regulation or order,
24 either unconditionally or upon specified terms and
25 conditions or for specified periods, exempt from any of
26 the following provisions of this division or from any
27 regulation issued under this division any person or
28 transaction or class of persons or transactions, if the
29 commissioner finds such action to be in the public interest
30 and that the regulation of the person or transaction or
31 class of persons or transactions under the relevant
32 provision is not necessary or advisable for the purposes of
33 this division.

34 51107. In any proceeding under this division:

35 (a) The burden of proving that the commissioner
36 should approve an application is upon the applicant.

37 (b) The burden of proving that the commissioner
38 should not object to a notice is upon the notifier.

39 (c) The burden of proving an exemption or exception
40 is upon the person claiming the exemption or exception.



1 51108. The commissioner may, upon application or
2 upon his or her own initiative, issue interpretive opinions
3 regarding any provision of this division or of any
4 regulation or order issued under this division.

5 51109. (a) The commissioner may (1) make any
6 public or private investigations within or outside this state
7 that the commissioner deems necessary or advisable to
8 determine whether to approve or deny any application,
9 or to object or not object to any notice, filed with the
10 commissioner under this division or under any regulation
11 or order issued under this division, to determine whether
12 any person has violated or is about to violate any provision
13 of this division or of any regulation or order issued under
14 this division, to aid in the enforcement of any provision
15 of this division or of any regulation or order issued under
16 this division, to aid in the issuing of orders under this
17 division or any regulation issued under this division, or to
18 aid in the issuing of regulations under this division, and
19 (2) publish information concerning any violation of any
20 provision of this division or of any regulation or order
21 issued under this division.

22 (b) For purposes of any investigation, examination, or
23 other proceeding under this division, the commissioner
24 may administer oaths and affirmations, subpoena
25 witnesses, compel their attendance, take evidence, and
26 require the production of any documents that the
27 commissioner deems relevant or material to the inquiry.

28 (c) In case of contumacy by, or refusal to obey a
29 subpoena issued to, any person, the superior court, upon
30 application by the commissioner, may issue to the person
31 an order requiring the person to appear before the
32 commissioner, there to produce documentary evidence,
33 if so ordered, or to give evidence touching the matter
34 under investigation or in question. Failure to obey the
35 order of the court may be punished by the court as a
36 contempt.

37 51110. The commissioner may refer evidence
38 concerning any violation of this division or of any
39 regulation or order issued under this division that
40 constitutes a crime to the district attorney of the county

1 in which such violation occurred, who may, with or
2 without such a reference, institute appropriate criminal
3 proceedings.

4
5 Article 2. Applications, Notices, and Reports
6

7 51120. Whenever this division or any regulation or
8 order issued under this division provides, in substance,
9 that a person may not take an action without the approval
10 of the commissioner or that a person may take an action
11 with the approval of the commissioner:

12 (a) The person shall file an application for the
13 approval with the commissioner.

14 (b) The person may not take the action unless the
15 commissioner has first granted approval and unless the
16 approval is then in effect.

17 (c) The person may not take the action except in
18 compliance with the provisions of the approval.

19 51121. Whenever this division or any regulation or
20 order issued under this division provides, in substance,
21 that a person may not take an action unless the person
22 files a notice with the commissioner not less than a
23 specified period of time before taking the action or that
24 a person may take an action if the person files a notice
25 with the commissioner not less than a specified period of
26 time before taking the action:

27 (a) The person shall file a notice with the
28 commissioner.

29 (b) In determining when a notice is filed with the
30 commissioner for purposes of calculating the specified
31 period or any longer period to which the person consents,
32 the notice shall not be deemed to be filed with the
33 commissioner until the complete notice, including any
34 amendments or supplements, containing all the
35 information required by the commissioner, and
36 otherwise complying with this division and any
37 regulation or order issued under this division, is filed with
38 the commissioner.

1 (c) The person may not take the action if, during the
2 specified period or any longer period to which the person
3 consents, the commissioner objects to the notice.

4 (d) The person may not take the action during the
5 specified period or any longer period to which the person
6 consents, except that, if, during the specified period or
7 longer period, the commissioner issues a statement not
8 objecting to the notice, the person may thereafter take
9 the action. However, in case the commissioner timely
10 issues a statement not objecting to the notice, the person
11 may not take the action except in compliance with the
12 provisions of the statement.

13 (e) The person may take the action after the specified
14 period or any longer period to which the person consents
15 expires if, during the specified period or longer period,
16 the commissioner does not object to the notice.

17 51122. Each application, notice, and report filed with
18 the commissioner under this division or under any
19 regulation or order issued under this division shall be in
20 the form, shall contain the information, shall be signed in
21 the manner, and shall, if the commissioner so requires, be
22 verified in the manner, that the commissioner may
23 specify.

24 51123. No person may make any untrue statement of
25 any material fact in any application, notice, or report filed
26 with the commissioner under this division or under any
27 regulation or order issued under this division, or willfully
28 omit to state in any such application, notice, or report any
29 material fact that is required to be stated therein.

30 51124. For purposes of deciding any application or
31 notice filed under this division or under any regulation or
32 order issued under this division, the commissioner may,
33 in the absence of credible evidence to the contrary,
34 presume that any person is of good character and sound
35 financial standing.

36 51125. (a) For purposes of deciding any application
37 or notice filed under this division or under any regulation
38 or order issued under this division, the commissioner may
39 find that a person is not of good character if the person has
40 done any of the following:

1 (1) Has been convicted of, or has pleaded nolo
2 contendere to, any crime involving an act of fraud or
3 dishonesty.

4 (2) Has consented to or suffered a judgment in any
5 civil action based upon conduct involving an act of fraud
6 or dishonesty.

7 (3) Has consented to or suffered the suspension or
8 revocation of any professional, occupational, or
9 vocational license based upon conduct involving an act of
10 fraud or dishonesty.

11 (4) Has willfully made or caused to be made in any
12 application, notice, or report filed with the commissioner
13 or in any proceeding before the commissioner, any
14 statement that was at the time and in the light of the
15 circumstances under which it was made false or
16 misleading with respect to any material fact, or has
17 willfully omitted to state in any such application, notice,
18 or report any material fact that was required to be stated
19 therein.

20 (5) Has willfully committed any violation of, or has
21 willfully aided, abetted, counseled, commanded,
22 induced, or procured the violation by any other person of,
23 any provision of this division or of any regulation or order
24 issued under this division.

25 (b) Subdivision (a) is not an exclusive list of the
26 grounds upon which the commissioner may find, for
27 purposes of deciding an application or notice filed under
28 this division or under any regulation or order issued
29 under this division, that a person is not of good character.

30 51126. In deciding any application or notice filed
31 under this division or under any regulation or order
32 issued under this division, the commissioner may
33 consider proposals made by the applicant or notifier,
34 including proposals to appoint officers or to sell securities;
35 and, if in the opinion of the commissioner it is probable
36 that the applicant or notifier will be able to implement
37 the proposal, the commissioner may make findings on the
38 basis of the proposal. However, whenever the
39 commissioner approves an application or issues a
40 statement not objecting to a notice on the basis, in whole

1 or in part, of a proposal made by the applicant or notifier,
2 the commissioner shall impose upon the approval or
3 statement appropriate conditions requiring that the
4 applicant implement the proposal within the period of
5 time that the commissioner may specify.

6 51127. If the commissioner finds, with respect to any
7 application or notice filed under this division or under
8 any regulation or order issued under this division, that not
9 all the information that was required to be provided in or
10 in connection with the application or notice has been
11 provided or that implementation of any proposal
12 contained in the application or notice would violate any
13 applicable law, the commissioner may deny the
14 application or object to the notice.

15 51128. In case any provision of this division or of any
16 regulation or order issued under this division provides for
17 the commissioner to consider specified factors in
18 deciding an application or notice, those are not the
19 exclusive factors that the commissioner may consider,
20 and the commissioner may consider any additional
21 factors that are relevant to the purposes of this division.

22
23 Article 3. Fiscal Matters
24

25 51140. There is established a Savings Bank Account in
26 the Financial Institutions Fund in the State Treasury.

27 51141. All money received or collected by the
28 commissioner under this division or any other law
29 relating to savings banks or the savings banking business
30 shall be deposited in the State Treasury to the credit of
31 the Savings Bank Account of the Financial Institutions
32 Fund.

33 51142. All expenses of the department in
34 administering this division and other laws relating to
35 savings banks or the savings banking business shall be
36 paid out of the Savings Bank Account; and, except as
37 otherwise provided in Section 276 or 277, the Savings
38 Bank Account shall be used only for those purposes.

39 51143. The commissioner shall annually levy on and
40 collect from California savings banks that are licensed to

engage in savings banking business on a pro rata basis an assessment in a total amount that is sufficient in the commissioner's opinion to (a) meet the expenses of the department in administering this division and other laws relating to savings banks or the savings banking business that are not otherwise provided for and (b) provide a reasonable reserve for contingencies.

51144. (a) The amount of the annual assessment on any California savings bank shall be the greater of (1) five thousand dollars (\$5,000) or (2) the sum of the products determined by multiplying (A) increments of the California savings bank's total assets by (B) percentages of the base assessment rate, according to the following table:

Total Assets (In millions)	Percentage of Base Assessment Rate
First \$ _____	_____
\$ _____	_____

(b) The base assessment rate for each annual assessment shall be fixed by the commissioner but shall not exceed _____ dollars (\$____) per _____ dollars (\$____) of total assets.

51145. (a) For purposes of the annual assessment, the total assets of a California savings bank shall be determined as of a date fixed by the commissioner. However, if a California savings bank is not licensed to engage in savings banking business as of that date but is so licensed as of the date when the annual assessment is levied, its total assets for purposes of the annual assessment shall be determined as of the date of the levy.

(b) For purposes of determining the total assets of a California savings bank that has one or more foreign (other state) branch offices or facilities, the assets of the foreign (other state) branch offices and facilities shall be excluded from its total assets. However, the commissioner may order the assets of foreign (other state) branch offices and facilities of California savings banks to be

1 included in total assets if and to the extent that it is
2 necessary or advisable in the commissioner's opinion to
3 (1) meet the expenses of the department on account of
4 foreign (other state) branch offices and facilities that are
5 not otherwise provided for and (2) provide a reasonable
6 reserve for contingencies.

7 51146. (a) Whenever the commissioner levies an
8 annual assessment on California savings banks that are
9 licensed to engage in savings banking business, the
10 commissioner shall promptly mail or otherwise deliver to
11 each California savings bank that is licensed to engage in
12 savings banking business an invoice that shows (1) the
13 amount of the California savings bank's annual
14 assessment and (2) the date when the assessment is due
15 and payable.

16 (b) The annual assessment on a California savings
17 bank that is licensed to engage in savings banking
18 business becomes a liability of the California savings bank
19 on the date on which the commissioner levies the annual
20 assessment.

21 (c) If the annual assessment on a California savings
22 bank that is licensed to engage in savings banking
23 business is not paid on time, the commissioner shall be
24 entitled to and shall collect, in addition to the amount of
25 the annual assessment, a penalty of 5 percent of the
26 amount of the unpaid annual assessment for each month
27 or part of a month that the payment is delinquent.

28 51147. Fees shall be paid to, and collected by, the
29 commissioner.

30 51148. Whenever the commissioner finds it necessary
31 or advisable to make an extra examination of a California
32 savings bank that is licensed to engage in savings banking
33 business, the California savings bank shall, within 10 days
34 after the mailing or other delivery of a statement by the
35 commissioner, pay a fee of seventy-five dollars (\$75) per
36 hour for each examiner engaged in the extra
37 examination.

38 51149. Whenever the commissioner finds it necessary
39 or advisable for an examiner engaged in examination of
40 a savings bank to travel outside the state, the savings bank

1 shall, within 10 days after the mailing or other delivery of
2 a statement by the commissioner, pay the commissioner
3 the travel expenses of the examiner.

4
5 CHAPTER 3. LICENSE TO ENGAGE IN SAVINGS BANKING
6 BUSINESS

7
8 Article 1. Requirement of License
9

10 51200. Except as otherwise provided in Sections
11 51201, 51202, and 51203, no person other than a California
12 savings bank that is licensed by the commissioner to
13 engage in savings banking business may, in the state, use
14 any name or title that indicates that it is a savings bank or
15 otherwise represent that it is a savings bank.

16 51201. Section 51200 does not apply to any of the
17 following:

18 (a) Any California state commercial bank.

19 (b) Any national bank.

20 (c) Any insured foreign (other state) state
21 commercial bank.

22 (d) Any foreign (other state) state commercial bank
23 that is licensed by the commissioner under Article 4
24 (commencing with Section 3860) of Chapter 22 of
25 Division 1 to maintain a facility (as defined in Section
26 3800) in this state.

27 (e) Any foreign (other nation) bank (as defined in
28 Section 139.4) that is licensed by the commissioner under
29 Chapter 13.5 (commencing with Section 1700) to
30 maintain an office (as defined in Section 1700) in this
31 state.

32 (f) Any foreign (other nation) bank (as defined in
33 Section 139.4) that maintains a federal agency or federal
34 branch (as defined in Section 1700) in this state.

35 (g) Any California state savings association.

36 (h) Any federal savings association.

37 (i) Any foreign (other state) state savings association.

38 51202. Section 51200 does not apply to any California
39 savings bank that was incorporated with the approval of
40 the commissioner but is not yet licensed by the

1 commissioner to engage in savings banking business, if
2 there is appended to the name of the California savings
3 bank the designation “in organization” or “information”
4 or any similar designation that the commissioner may
5 approve and if the designation is set forth at least as
6 conspicuously as the name.

7 51203. Section 51200 does not apply to the organizers
8 of a California savings bank that has not yet been
9 incorporated, if there is appended to the name of the
10 proposed California savings bank the designation
11 “proposed” or any similar designation that the
12 commissioner may approve and if the designation is set
13 forth at least as conspicuously as the name.

14 51204. Except as otherwise provided in Section 51205,
15 no person other than a California savings bank that is
16 licensed by the commissioner to engage in savings
17 banking business shall represent that it is licensed to
18 engage in savings banking business by the commissioner,
19 by the department, or by any other official or agency of
20 or within this state.

21 51205. Section 51204 does not apply to any of the
22 following:

- 23 (a) Any California state commercial bank.
- 24 (b) Any California state savings association.
- 25 (c) Any foreign (other state) state savings association.

26 51206. Except as otherwise provided in Sections 51207
27 to 51210, inclusive, no California savings bank that is not
28 licensed by the commissioner to engage in savings
29 banking business shall transact any business.

30 51207. Section 51206 does not prohibit a California
31 savings bank, that was incorporated with the approval of
32 the commissioner and that proposes to be licensed by the
33 commissioner to engage in savings banking business,
34 from performing acts that are necessary or incidental to
35 preparing to commence transacting savings banking
36 business.

37 51208. Section 51206 does not prohibit a California
38 savings bank, that was incorporated with the approval of
39 the commissioner but whose organizational period has

1 expired, from performing any acts that are necessary or
2 incidental to winding up and dissolving.

3 51209. Section 51206 does not prohibit a California
4 savings bank, that was licensed by the commissioner to
5 engage in savings banking business but whose license was
6 suspended, from performing any acts that are necessary
7 or incidental to preserving its assets.

8 51210. Section 51206 does not prohibit a California
9 savings bank, that was licensed by the commissioner to
10 engage in savings banking business but whose license was
11 revoked or otherwise terminated, from performing any
12 acts that are necessary or incidental to winding up and
13 dissolving.

14

15 Article 2. Organization and Licensing

16

17 51220. In this article, unless the context otherwise
18 requires:

19 (a) “Preopening funds” means any money or other
20 thing of value solicited or accepted by a proposed
21 director, proposed officer, or organizer of a proposed
22 California savings bank or by a California savings bank at
23 any time before the California savings bank is licensed by
24 the commissioner to engage in the savings banking
25 business. However, “preopening funds” does not include
26 any proceeds from the sale by a California savings bank
27 of any security issued by it under authority of an approval
28 or exemption issued by the commissioner or any income
29 or gain derived from the proceeds.

30 (b) “Preopening expenditure” means any obligation
31 incurred, or sum disbursed, by a California savings bank
32 at any time before it is licensed by the commissioner to
33 engage in savings banking business, for the purpose of
34 organizing the California savings bank.

35 (c) “Preopening noncapital expenditure” means any
36 preopening expenditure other than a preopening
37 expenditure that may be capitalized.

38 (d) “Proposed California savings bank” means a
39 California savings bank that is proposed to be



1 incorporated and organized but has not yet been
2 incorporated.

3 51221. Except as otherwise provided in Division 1.5
4 (commencing with Section 4800), no person may
5 incorporate or organize a savings bank under the laws of
6 this state without the approval of the commissioner.

7 51222. In deciding an application for approval to
8 incorporate and organize a California savings bank, the
9 commissioner shall consider the following:

10 (a) Whether the proposed shareholders' equity and
11 capital structure of the California savings bank are
12 adequate and satisfactory.

13 (b) Whether the proposed directors, executive
14 officers, and controlling persons of the California savings
15 bank are each of good character and sound financial
16 standing.

17 (c) Whether the proposed directors and executive
18 officers of the California savings bank are each competent
19 to perform their functions with respect to the California
20 savings bank and whether they are collectively adequate
21 to manage the business of the California savings bank.

22 (d) Whether the California savings bank has
23 reasonable promise of successful operation.

24 (e) Whether it is reasonable to believe that the
25 California savings bank will comply with all applicable
26 provisions of this division, of any regulation or order
27 issued under this division, and of any other applicable
28 laws.

29 51223. The commissioner may issue any regulations or
30 orders governing the organization of a California savings
31 bank that in the opinion of the commissioner are
32 necessary or advisable to carry out the purposes of this
33 division, including the period before a California savings
34 bank is incorporated and the period between the time
35 when a California savings bank is incorporated and the
36 time when it is licensed to engage in savings banking
37 business.

38 51224. (a) No proposed director, proposed officer, or
39 organizer of a proposed California savings bank may
40 solicit or accept preopening funds for the proposed

1 California savings bank from any person without the
2 approval of the commissioner.

3 (b) In deciding an application for approval to solicit or
4 accept preopening funds for a proposed California
5 savings bank, the commissioner shall consider whether
6 the proposed solicitation or acceptance of preopening
7 funds for the proposed California savings bank is fair, just,
8 and equitable.

9 (c) Any preopening funds accepted by a proposed
10 director, proposed officer, or organizer of a proposed
11 California savings bank shall be handled in the manner
12 that the commissioner may specify.

13 (d) Any person handling preopening funds accepted
14 by a proposed director, proposed officer, or organizer of
15 a proposed California savings bank shall do all of the
16 following:

17 (1) Keep and maintain any records that the
18 commissioner may specify.

19 (2) File with the commissioner any report that the
20 commissioner may specify.

21 (3) Pay out or retain the preopening funds as the
22 commissioner may specify.

23 51225. (a) No proposed director, proposed officer, or
24 organizer of a proposed California savings bank shall offer
25 or sell any security to be issued by the California savings
26 bank or any right or option to subscribe for or purchase
27 any such security without the approval of the
28 commissioner.

29 (b) In deciding an application for an approval for the
30 offer or sale by a proposed director, proposed officer, or
31 organizer of a proposed California savings bank of any
32 security to be issued by the California savings bank or of
33 any right or option to subscribe for or purchase any such
34 security, the commissioner shall consider whether the
35 proposed offer or sale is fair, just, and equitable.

36 51226. (a) If the commissioner grants approval for a
37 savings bank to be incorporated under the laws of the
38 state, the articles of the California savings bank shall be
39 submitted to the commissioner for approval.

1 (b) After the articles are approved by the
2 commissioner and the commissioner's approval is
3 endorsed on the articles, the articles shall be filed with the
4 Secretary of State.

5 (c) After the articles are filed with the Secretary of
6 State, the California savings bank shall promptly file with
7 the commissioner a copy of the articles certified by the
8 Secretary of State.

9 51227. (a) No California savings bank may solicit or
10 accept preopening funds from any person without the
11 approval of the commissioner.

12 (b) In deciding an application for approval for a
13 California savings bank to solicit or accept preopening
14 funds, the commissioner shall consider whether the
15 proposed solicitation or acceptance of preopening funds
16 is fair, just, and equitable.

17 (c) Any preopening funds accepted by a California
18 savings bank shall be handled in the manner that the
19 commissioner may specify, and the California savings
20 bank shall pay out or retain the preopening funds as the
21 commissioner may specify.

22 51228. No California savings bank may use any funds
23 collected from subscribers or shareholders to pay
24 commissions or fees for obtaining subscriptions for shares
25 or selling shares before the California savings bank is
26 licensed by the commissioner to engage in savings
27 banking business.

28 51229. No California savings bank may, without the
29 approval of the commissioner, use any funds that were
30 collected from subscribers or shareholders before the
31 California savings bank is licensed to engage in savings
32 banking business, to pay at any time any preopening
33 noncapital expenditures.

34 51230. If, within the time prescribed under Section
35 51231, (a) a California savings bank is incorporated with
36 the approval of the commissioner, (b) the California
37 savings bank files with the commissioner a report showing
38 that the organization of the California savings bank has
39 been completed, and (c) all other conditions precedent
40 to the issuance of a license for the California savings bank

1 to engage in savings banking business are fulfilled, the
2 commissioner shall issue the California savings bank a
3 license to engage in savings banking business. The license
4 shall specify the name of the California savings bank and
5 the location of its head office.

6 51231. (a) If a California savings bank that is
7 incorporated with the approval of the commissioner fails
8 to file with the commissioner the report called for in
9 Section 51230, or if all other conditions precedent to the
10 issuance of a license to the California savings bank are not
11 fulfilled, within one year after the granting of approval
12 for the incorporation of the California savings bank or
13 within any longer period that the commissioner may
14 approve, the approval to organize the California savings
15 bank shall expire.

16 (b) If the approval to organize a California savings
17 bank expires pursuant to subdivision (a), the California
18 savings bank shall be promptly wound up and dissolved.

19 51232. (a) If a California savings bank does not
20 commence transacting savings banking business within
21 30 days after the commissioner issues the license for the
22 California savings bank to engage in savings banking
23 business or within any longer period that the
24 commissioner may approve, the license shall expire.

25 (b) If the license for a California savings bank to
26 engage in savings banking business expires pursuant to
27 subdivision (a), the California savings bank shall
28 promptly surrender the license to the commissioner for
29 cancellation and shall be promptly wound up and
30 dissolved.

31 51233. No license issued by the commissioner for a
32 California savings bank to engage in savings banking
33 business shall be transferable or assignable.

34 51234. Each California savings bank shall post the
35 license issued by the commissioner for it to transact
36 savings banking business in a conspicuous place at its head
37 office.

38

CHAPTER 4. CORPORATE MATTERS

Article 1. General Provisions

51300. The General Corporation Law (Division 1 (commencing with Section 100) of Title 1 of the Corporations Code) applies to California savings banks. However, whenever any provision of this division or of any regulation or order issued under any provision (other than this section) of this division applicable to California savings banks is inconsistent with any provision of the General Corporation Law, the provision of this division or of the regulation or order applies and the provision of the General Corporation Law does not apply.

51301. No California savings bank shall be a close corporation, as defined in Section 158 of the Corporations Code.

Article 2. Articles

51320. The articles of a California savings bank shall state that the purpose of the corporation is to engage in savings banking business and any other lawful activities that are not, by applicable laws or regulations, prohibited to a savings bank.

51321. (a) No amendment of the articles of California savings bank (other than an amendment set forth in an agreement of merger or in a certificate of ownership executed pursuant to Section 1110 of the Corporations Code that requires the approval of the commissioner pursuant to Chapter 4 (commencing with Section 4880) of Division 1.5) shall become effective unless the amendment is approved by the commissioner and the certificate of amendment or other instrument setting forth the amendment is filed with the Secretary of State with the commissioner's approval endorsed thereon. Promptly after the amendment becomes effective, the California savings bank shall file with the commissioner a copy of the certificate of amendment or other instrument certified by the Secretary of State.

(b) Any amendment of the articles of a California savings bank set forth in an agreement of merger or in a certificate of ownership executed pursuant to Section 1110 of the Corporations Code that requires the approval of the commissioner pursuant to Chapter 4 (commencing with Section 4880) of Division 1.5, shall become effective at the time when the merger becomes effective.

51322. No restated articles of a California savings bank shall become effective unless the restated articles are approved by the commissioner and the certificate setting forth the restated articles is filed with the Secretary of State with the commissioner's approval endorsed thereon. Promptly after the restated articles become effective, the California savings bank shall file with the commissioner a copy of the certificate setting forth the restated articles certified by the Secretary of State.

51323. (a) In this section, "certificate of determination" has the meaning set forth in Section 156 of the Corporations Code, subject, however, to the provisions of subdivision (b).

(b) No certificate of determination of a California savings bank shall become effective unless the certificate of determination is approved by the commissioner and is filed with the Secretary of State with the commissioner's approval endorsed thereon. Promptly after the certificate of determination becomes effective, the California savings bank shall file with the commissioner a copy of the certificate of determination certified by the Secretary of State.

51324. (a) In this section, "certificate of correction" means a certificate executed and filed with the Secretary of State pursuant to Section 109 of the Corporations Code, subject, however, to the provisions of subdivision (b).

(b) No certificate of correction of a California savings bank shall become effective unless the certificate of correction is approved by the commissioner and is filed with the Secretary of State with the commissioner's approval endorsed thereon. Promptly after the certificate of correction becomes effective, the California savings bank shall file with the commissioner a copy of the

1 certificate of correction certified by the Secretary of
2 State.

3 51325. (a) In this section, “certificate of revocation”
4 means a certificate executed and filed with the Secretary
5 of State pursuant to the second and third sentences of
6 subdivision (c) of Section 110 of the Corporations Code,
7 subject, however, to the provisions of subdivision (b).

8 (b) No certificate of revocation of a California savings
9 bank shall become effective unless the certificate of
10 revocation is approved by the commissioner and is filed
11 with the Secretary of State with the commissioner’s
12 approval endorsed thereon. Promptly after the
13 certificate of revocation becomes effective, the California
14 savings bank shall file with the commissioner a copy of the
15 certificate of revocation certified by the Secretary of
16 State.

17
18 Article 3. Board
19

20 51340. Any reference in this article to the time a
21 notice is given or sent shall be construed in accordance
22 with Section 118 of the Corporations Code.

23 51341. (a) The board of a California savings bank
24 shall consist of not less than five directors.

25 (b) If the number of directors of a California savings
26 bank becomes fewer than five or a quorum, whichever is
27 greater, the remaining director or directors may
28 nonetheless take action for the following purposes:

29 (1) To elect additional directors.

30 (2) To call a meeting of the shareholders to elect
31 directors.

32 (3) To carry on the ordinary and necessary business of
33 the California savings bank for a period of no more than
34 90 days, or any longer period that the commissioner may
35 approve.

36 (4) To take action on extraordinary business, if
37 approved by the commissioner.

38 (5) To request that the commissioner take possession
39 of the property and business or appoint a receiver for the

1 California savings bank pursuant to Chapter 17
2 (commencing with Section 3100).

3 51342. (a) The board of a California savings bank
4 shall hold a meeting not less than once each calendar
5 quarter.

6 (b) Special meetings of the board of a California
7 savings bank may be held upon four days' notice by mail,
8 unless the articles or bylaws provide otherwise, or 24
9 hours' notice delivered personally or by telephone or by
10 telegraph, unless the articles or bylaws provide for a
11 shorter period.

12 51343. (a) The commissioner may call a meeting of
13 the board of a California savings bank whenever the
14 commissioner finds it necessary or advisable to do so.

15 (b) A meeting of the board of a California savings bank
16 called by the commissioner shall be held upon four days'
17 notice by mail or 24 hours' notice delivered personally or
18 by telephone or telegraph. The notice shall be given by
19 the commissioner or, if the commissioner so orders, by an
20 officer of the California savings bank.

21 (c) A meeting of the board of a California savings bank
22 called by the commissioner shall be held at a place within
23 this state designated by the commissioner and specified
24 in the notice of the meeting.

25 (d) The expenses of a meeting of the board of a
26 California savings bank called by the commissioner shall
27 be paid by the California savings bank.

28 51344. (a) The commissioner is a party in interest
29 within the meaning of Section 306 of the Corporations
30 Code with respect to a California savings bank and may,
31 in the name of the people of this state, bring or intervene
32 in an action under Section 306 of the Corporations Code
33 for the appointment of directors of a California savings
34 bank.

35 51345. The commissioner may, in the name of the
36 people of this state, bring or intervene in an action under
37 Section 308 of the Corporations Code for the
38 appointment of a provisional director or directors of a
39 California savings bank to the same extent as a

1 shareholder holding 50 percent of the voting power of the
2 California savings bank might bring the action.

3 51346. The commissioner may, in the name of the
4 people of this state, bring or intervene in an action under
5 Section 709 of the Corporations Code to determine the
6 validity of any election or appointment of any director of
7 a California savings bank to the same extent as a
8 shareholder of the California savings bank might bring
9 the action.

10 51347. (a) For purposes of Section 316 of the
11 Corporations Code, to the extent that the making by a
12 California savings bank or by any majority-owned
13 subsidiary of a California savings bank of a distribution to
14 any shareholder of the California savings bank is contrary
15 to any provision of Article 7 (commencing with Section
16 51420), the making of the distribution shall, to such
17 extent, be deemed to be contrary to the provisions of
18 Section 500 of the Corporations Code.

19 (b) The commissioner may, in the name of the people
20 of this state, bring or intervene in an action under Section
21 316 of the Corporations Code for the benefit of a
22 California savings bank against any or all of the directors
23 of the California savings bank or of any majority-owned
24 subsidiary of the California savings bank on account of the
25 making of a distribution to any shareholder of the
26 California savings bank contrary to any provision of
27 Article 7 (commencing with Section 51420) or any
28 provision of Sections 501, 502, and 503 of the Corporations
29 Code, to the same extent as a creditor of the California
30 savings bank who did not consent to the illegal
31 distribution and who had a valid claim against the
32 California savings bank that arose prior to the time of the
33 illegal distribution and that exceeded the amount of the
34 illegal distribution, might bring the action in the name of
35 the California savings bank.

36 51348. (a) For purposes of Section 316 of the
37 Corporations Code, the making of a loan or any other
38 extending of credit by a California savings bank contrary
39 to any provision of this division or of any regulation or

1 order issued under this division shall be deemed to be
2 contrary to Section 315 of the Corporations Code.

3 (b) The commissioner may, in the name of the people
4 of this state, bring or intervene in an action under Section
5 316 of the Corporations Code for the benefit of a
6 California savings bank against any or all of the directors
7 of the California savings bank on account of the making
8 of a loan or any other extending of credit contrary to any
9 provision of this division or of any regulation or order
10 issued under this division, to the same extent as a creditor
11 of the California savings bank who did not consent to the
12 illegal making of the loan or the other illegal extending of
13 credit and who had a valid claim against the California
14 savings bank that arose prior to the time of the illegal
15 making of the loan or the other illegal extending of credit
16 and that exceeded the amount of loss suffered by the
17 California savings bank as a result of the illegal making of
18 the loan or the other illegal extending of credit, might
19 bring the action in the name of the California savings
20 bank.

21 22 Article 4. Shares

23
24 51360. No California savings bank shall issue any
25 shares unless the total consideration for the shares is paid
26 in full.

27 51361. No California savings bank shall issue any
28 shares in consideration of either of the following:

29 (a) Services rendered in the organization of the
30 California savings bank.

31 (b) Any note, whether or not negotiable and whether
32 or not secured, made by the purchaser of the shares.

33 51362. A California savings bank may, with the
34 approval of its board, determine and from time to time
35 redetermine the par value of any class or series of its
36 shares unless its articles provide that the shares shall have
37 par value and specify the par value of the shares.
38

Article 5. Shareholders

51380. (a) The commissioner may call a meeting of the shareholders of a California savings bank whenever the commissioner finds it necessary or advisable to do so.

(b) Notice of the time and place of a meeting of the shareholders of a California savings bank called by the commissioner shall be given at least 15 days before the date of the meeting. The notice shall be given by the commissioner or, if the commissioner so orders, by an officer of the California savings bank.

(c) A meeting of the board of a California savings bank called by the commissioner shall be held at a place within this state designated by the commissioner and specified in the notice of the meeting.

(d) The expenses of a meeting of the shareholders of a California savings bank called by the commissioner shall be paid by the California savings bank.

51381. (a) Paragraph (1) of subdivision (b) of Section 1501 of the Corporations Code does not apply to the annual report of any California savings bank with respect to any transaction consisting of an extension of credit by the California savings bank or by any of its majority-owned subsidiaries.

(b) The annual report of a California savings bank that would, but for the provisions of subdivision (a), be subject to paragraph (1) of subdivision (b) of Section 1501 of the Corporations Code, shall disclose any information regarding debts owing to the California savings bank or to any of its majority-owned subsidiaries and transactions consisting of extensions of credit by the California savings bank or by any of its majority-owned subsidiaries, as the commissioner may by regulation specify. In issuing the regulation, the commissioner shall give due consideration to regulations regarding those matters issued by the Securities and Exchange Commission and federal bank regulatory agencies under the Securities Exchange Act of 1934.

Article 6. Corporate Finance

51400. A California savings bank that has deficit-retained earnings may, with the approval of its outstanding shares and of the commissioner, readjust its accounts in a quasi-reorganization. The readjustment may include eliminating the deficit-retained earnings.

51401. For purposes of any statute, regulation, or requirement of any governmental official or agency that refers to the capital (including stated capital, paid-in capital, and paid-up capital, but excluding contributed capital), surplus, or undivided profits of a California savings bank, a California savings bank may, with the approval of its board, establish and maintain capital, surplus, and undivided profits accounts and may from time to time allocate and reallocate its shareholders' equity among the accounts, subject to the following:

(a) No part of the contributed capital of the California savings bank shall be allocated to the undivided profits account of the California savings bank.

(b) The undivided profits account of the California savings bank shall at no time exceed the retained earnings of the California savings bank.

(c) In case the articles of the California savings bank provide that any of the California savings bank's shares shall have par value and specify the par value of the shares or in case the California savings bank has determined the par value of any of its shares pursuant to Section 51362, the capital account of the California savings bank shall be not less than the aggregate par value of the shares that are outstanding.

Article 7. Distributions to Shareholders

51420. This article does not apply to any distribution made to the shareholders of a California savings bank in any proceeding to wind up and dissolve or to liquidate the California savings bank.

51421. Section 500 of the Corporations Code does not apply to the making by a California savings bank or by any

1 majority-owned subsidiary of a California savings bank of
2 any distribution to the shareholders of the California
3 savings bank.

4 51422. Except as otherwise provided in Sections 51423
5 and 51424, neither a California savings bank nor any
6 majority-owned subsidiary of a California savings bank
7 shall make any distribution to the shareholders of the
8 California savings bank in an amount that exceeds the
9 lesser of the following:

10 (a) The retained earnings of the California savings
11 bank.

12 (b) The net income of the California savings bank for
13 its last three fiscal years, less the amount of any
14 distributions made by the California savings bank or by
15 any majority-owned subsidiary of the California savings
16 bank to the shareholders of the California savings bank
17 during the period.

18 51423. Notwithstanding the provisions of Section
19 51422, a California savings bank or a majority-owned
20 subsidiary of a California savings bank may, with the
21 approval of the commissioner, make a distribution to the
22 shareholders of the California savings bank in an amount
23 not exceeding the greatest of the following:

24 (a) The retained earnings of the California savings
25 bank.

26 (b) The net income of the California savings bank for
27 its last fiscal year.

28 (c) The net income of the California savings bank for
29 its current fiscal year.

30 51424. Notwithstanding the provisions of Section
31 51422, a California savings bank may:

32 (a) With the approval of the commissioner, make a
33 distribution to its shareholders by means of redeeming its
34 redeemable shares.

35 (b) With the prior approval of its outstanding shares
36 and of the commissioner, otherwise make a distribution
37 to its shareholders in connection with a reduction of its
38 contributed capital.

39 51425. If the commissioner finds that the
40 shareholders' equity of a California savings bank is not

1 adequate or that the making by a California savings bank
2 or by any majority-owned subsidiary of a California
3 savings bank of a distribution to the shareholders of the
4 California savings bank would be unsafe or unsound for
5 the California savings bank, the commissioner may order
6 the California savings bank and its majority-owned
7 subsidiaries not to make any distribution to the
8 shareholders of the California savings bank.

9 51426. (a) For purposes of Section 506 of the
10 Corporations Code, the making by a California savings
11 bank or by any majority-owned subsidiary of a California
12 savings bank of a distribution to any shareholder of the
13 California savings bank in violation of any provision of this
14 article shall be deemed to be prohibited by, and to be a
15 violation of, Section 500 of the Corporations Code.

16 (b) The commissioner may, in the name of the people
17 of this state, bring or intervene in an action under Section
18 506 of the Corporations Code for the benefit of a
19 California savings bank against any shareholder of the
20 California savings bank on account of receiving, with
21 knowledge of facts indicating the impropriety thereof,
22 any distribution prohibited by any provision of this article
23 or by any provision of Sections 501, 502, and 503 of the
24 Corporations Code, to the same extent as a creditor of the
25 California savings bank who did not consent to the illegal
26 distribution to the shareholder and who had a valid claim
27 against the California savings bank that arose prior to the
28 time of the illegal distribution to the shareholder and that
29 exceeded the amount of the illegal distribution to the
30 shareholder, might bring the action in the name of the
31 California savings bank.

32

33 Article 8. Offer and Sale of Securities

34

35 51440. In this article, unless the context otherwise
36 requires:

37 (a) “Offer” or “offer to sell” includes every attempt or
38 offer to dispose of, or solicitation of an offer to buy, a
39 security for value.



1 (b) "Sale" or "sell" includes every contract of sale of,
2 contract to sell, or disposition of, a security for value.
3 "Sale" or "sell" includes any exchange of securities and
4 any change in the rights, preferences, privileges, or
5 restrictions of or on outstanding securities.

6 (c) "Security" means any of the following:

7 (1) Any stock or debenture.

8 (2) Any security, as defined in Section 25019 of the
9 Corporations Code, that meets both of the following
10 requirements:

11 (A) The security is within the exemption set forth in
12 subdivision (c) of Section 25100 of the Corporations Code.

13 (B) The commissioner has, by order or regulation,
14 found that regulation of the offer or sale of the security
15 pursuant to this article is necessary or advisable and
16 denominated it as constituting a security for purposes of
17 this article.

18 (3) Any warrant, right, or option to subscribe to or to
19 purchase any of the foregoing.

20 (d) The terms defined in subdivisions (a) and (b) do
21 not include any stock dividend payable with respect to
22 common stock of a California savings bank solely (except
23 for any cash or script paid for fractional shares) in shares
24 of the common stock, if the California savings bank has no
25 other class of voting stock outstanding. However, shares
26 issued in that dividend shall be subject to any conditions
27 previously imposed by the commissioner applicable to
28 the shares with respect to which they are issued.

29 51441. Except as otherwise provided, the Corporate
30 Securities Law of 1968 (Division 1 (commencing with
31 Section 25000) of Title 4 of the Corporations Code) does
32 not apply to the offer or sale of any security, as defined in
33 Section 25019 of the Corporations Code, issued by a
34 California savings bank.

35 51442. No California savings bank may offer or sell any
36 security issued by it without the approval of the
37 commissioner.

38 51443. In deciding an application for approval for a
39 California savings bank to offer or sell a security issued by

1 it, the commissioner shall consider whether the proposed
2 offer or sale is fair, just, and equitable.

3 51444. Every approval for a California savings bank to
4 offer or sell a security issued by it shall recite that it is
5 permissive only and does not constitute a
6 recommendation or endorsement of any security
7 permitted to be offered or sold.

8 51445. Whenever a California savings bank applies for
9 approval to issue any security or to deliver any other
10 consideration (whether or not the security or the
11 transaction is exempt from, or not subject to, the
12 provisions of Section 51442) in exchange for one or more
13 bona fide outstanding securities (as defined in Section
14 25019 of the Corporations Code), claims, or property
15 interests, or partly in an exchange and partly for cash, the
16 commissioner is authorized to approve the terms and
17 conditions of the issuance and exchange or the delivery
18 and exchange and the fairness of the terms and conditions
19 and is authorized to hold a hearing on the fairness of the
20 terms and conditions, at which all persons to whom it is
21 proposed that any security be issued or that any other
22 consideration be delivered in the exchange shall have the
23 right to appear.

24 25 CHAPTER 5. ACQUISITION OF CONTROL 26

27 51600. In this article, unless the context otherwise
28 requires, “shareholder” means:

29 (a) In the case of a corporation, a holder of a share of
30 any class or series.

31 (b) In the case of a nonprofit corporation, a limited
32 liability company, an unincorporated association, or a
33 syndicate, a member.

34 (c) In the case of a partnership, a partner.

35 (d) In the case of a business trust, an estate, or a trust,
36 a holder of a beneficial interest.

37 (e) In the case of an organization of any other kind, a
38 holder of an ownership interest.

1 51601. The commissioner may determine for
2 purposes of this article whether a person controls another
3 person.

4 51602. No person shall, directly or indirectly, unless
5 the commissioner has approved the acquisition of control,
6 do any of the following:

7 (a) Make a tender offer for, a request or invitation for
8 tenders of, or an offer to exchange securities for, any
9 voting security or any security convertible into a voting
10 security of a California savings bank or of a controlling
11 person if the person making the tender offer, request or
12 invitation for tenders, or offer to exchange securities
13 would, by consummation thereof, directly or indirectly,
14 acquire control of the California savings bank.

15 (b) Solicit approval of any shareholder of a controlling
16 person for a merger, consolidation, sale of assets, or other
17 transaction by which any person other than the
18 controlling person would acquire control of the California
19 savings bank controlled by the controlling person.

20 (c) Acquire control of a California savings bank.
21 However, nothing in this subdivision prohibits any person
22 from negotiating to acquire, but not acquiring, control of
23 a California savings bank.

24 51603. In deciding an application for approval of an
25 acquisition of control of a California savings bank, the
26 commissioner shall consider the following:

27 (a) Whether the acquisition of control will result in a
28 monopoly or will be in furtherance of any combination or
29 conspiracy to monopolize or to attempt to monopolize
30 the business of savings banking in any part of this state.

31 (b) Whether the effect of the acquisition of control in
32 any section of this state will be to lessen competition
33 substantially or to tend to create a monopoly or whether
34 the acquisition of control will in any other manner be in
35 restraint of trade, and whether any anticompetitive
36 effects of the acquisition of control will clearly be
37 outweighed in the public interest by the probable effect
38 of the transaction in meeting the convenience and needs
39 of the community to be served.

1 (c) Whether the financial condition of any acquiring
2 person is such as might jeopardize the financial stability
3 of the California savings bank or prejudice the interests
4 of the account holders, creditors, or security holders of the
5 California savings bank.

6 (d) Whether plans or proposals to liquidate the
7 California savings bank, to sell the assets of the California
8 savings bank, to merge or consolidate the California
9 savings bank, or to make any other major change in the
10 business, corporate structure, or management of the
11 California savings bank are fair and reasonable to the
12 account holders, creditors, and security holders of the
13 California savings bank.

14 (e) Whether the competence, experience, or integrity
15 of any acquiring person indicates that it will not be in the
16 interests of the account holders, creditors, or security
17 holders of the California savings bank or in the interests
18 of the public to permit the person to control the
19 California savings bank.

20 (f) Whether the proposed acquisition is fair, just, and
21 equitable to the California savings bank and to the
22 account holders, creditors, and security holders of the
23 California savings bank.

24 51604. (a) The commissioner may hold a hearing
25 before determining whether, for purposes of this article,
26 a person controls another person or before deciding an
27 application for approval to acquire control of a California
28 savings bank.

29 (b) After determining whether, for purposes of this
30 article, a person controls another person or after deciding
31 an application for approval to acquire control of a
32 California savings bank, the commissioner, upon the
33 filing of an application for a hearing by any person
34 prejudiced by the commissioner's decision, shall hold a
35 hearing and upon such hearing shall affirm, modify, or
36 reverse his or her decision. Any such hearing shall
37 commence within 30 days after the application for the
38 hearing is filed with the commissioner or any longer
39 period to which the person filing the application for the
40 hearing consents.



1 51605. (a) No person shall be entitled to vote or to
2 give a written consent with respect to any security
3 acquired in contravention of any provision of this article
4 or of any regulation or order issued under this article for
5 a period of three years after the acquisition.

6 (b) If a security of a California savings bank or of a
7 controlling person is acquired in contravention of this
8 article or of any regulation or order issued under this
9 article, the California savings bank, the controlling
10 person, any shareholder of the California savings bank or
11 of the controlling person, or the commissioner may apply
12 to the superior court for equitable relief, including costs
13 and attorney fees. The equitable relief may include
14 enjoining prospectively any person from voting or giving
15 any written consent with respect to the security or
16 voiding any voting or any giving of a written consent with
17 respect to the security that has occurred since the
18 acquisition.

19
20 CHAPTER 6. OFFICES

21
22 Article 1. Head Office

23
24 51700. A California savings bank shall maintain its
25 head office in this state.

26 51701. (a) This section does not apply to a
27 redesignation of a head office and branch office, as
28 defined in Section 51702.

29 (b) No California savings bank may relocate its head
30 office without the approval of the commissioner.

31 (c) In deciding an application for approval for a
32 California savings bank to relocate its head office, the
33 commissioner shall consider both of the following:

34 (1) Whether the relocation has a reasonable promise
35 of successful operation.

36 (2) Whether the relocation will have a seriously
37 adverse effect on the public convenience or advantage.

38 (d) After an application for approval for a California
39 savings bank to relocate its head office is approved and

1 after all conditions precedent to the relocation are
2 fulfilled:

3 (1) The commissioner shall issue to the California
4 savings bank a license to engage in savings banking
5 business that specifies the address of the new site of the
6 head office.

7 (2) The California savings bank shall surrender to the
8 commissioner for cancellation its license to engage in
9 savings banking business that specified the address of the
10 former site of the head office.

11 51702. (a) In this section, “redesignation of the head
12 office and a branch office” means the relocation by a
13 California savings bank of its head office to the site of a
14 branch office in this state and the concurrent
15 establishment by the California savings bank of a branch
16 office at the former site of the head office.

17 (b) A California savings bank may effect a
18 redesignation of its head office and a branch office if it
19 files with the commissioner a report on the redesignation
20 not less than 30 days before the redesignation.

21 (c) Whenever a California savings bank effects a
22 redesignation of its head office and a branch office:

23 (1) The commissioner shall issue to the California
24 savings bank a license to engage in savings banking
25 business that specifies the address of the new site of the
26 head office and a license to maintain a branch office at the
27 former site of the head office.

28 (2) The California savings bank shall surrender to the
29 commissioner for cancellation its license to engage in
30 savings banking business that specified the address of the
31 former site of the head office and its license to maintain
32 a branch office at the former site of the branch office.

33

34 Article 2. Branch Offices and Facilities

35

36 51720. No California savings bank may establish or
37 maintain a branch office or facility without a license from
38 the commissioner.

39 51721. (a) This section does not apply to a
40 redesignation of a head office and branch office, as



1 defined in Section 51702, or to the establishment of a
2 branch office or facility pursuant to Division 1.5
3 (commencing with Section 4800).

4 (b) No California savings bank may establish a branch
5 office or facility without giving the commissioner notice
6 at least 30 days beforehand.

7 (c) In deciding a notice by a California savings bank to
8 establish a branch office or facility, the commissioner shall
9 consider the following:

10 (1) The financial history and condition of the
11 California savings bank.

12 (2) The adequacy of the shareholders' equity of the
13 California savings bank.

14 (3) The future earnings prospects of the California
15 savings bank.

16 (4) The management of the California savings bank.

17 (d) Unless the commissioner timely objects to a notice
18 by a California savings bank to establish a branch office
19 or facility, after all conditions precedent to the
20 establishment of the branch office or facility are fulfilled,
21 the commissioner shall issue the California savings bank
22 a license to maintain the branch office or facility.

23 51722. (a) This section does not apply to a
24 redesignation of a head office and branch office, as
25 defined in Section 51702.

26 (b) No California savings bank may relocate a branch
27 office or facility unless the new site is in the same vicinity
28 as the old site and unless the California savings bank gives
29 the commissioner notice at least 30 days before the
30 relocation.

31 (c) In deciding a notice by a California savings bank to
32 relocate a branch office or facility, the commissioner shall
33 consider whether the relocation of the branch office or
34 facility will be consistent with the safety and soundness of
35 the California savings bank.

36 (d) Unless the commissioner timely objects to a notice
37 by a California savings bank to relocate a branch office or
38 facility, after all conditions precedent to the relocation of
39 the branch office or facility are fulfilled:

(1) The commissioner shall issue the California savings bank a license to maintain the branch office or facility at the new site.

(2) The California savings bank shall surrender to the commissioner for cancellation its license to maintain the branch office or facility at the former site.

51723. (a) No California savings bank shall close a branch office or facility without giving the commissioner notice at least 30 days beforehand.

(b) In deciding a notice by a California savings bank to close a branch office or facility, the commissioner shall consider whether the closing will have a seriously adverse effect on the public convenience and advantage.

(c) Unless the commissioner timely objects to a notice by a California savings bank to close a branch office or facility, after all conditions precedent to the closing of the branch office or facility are fulfilled, the California savings bank may close the branch office or facility and shall surrender to the commissioner for cancellation its license to maintain the branch office or facility.

Article 3. Extensions of Offices

51790. A California savings bank shall conduct all the business of an office in a single building or in adjoining buildings. However, a California savings bank may conduct part of the business of an office at an extension of the office in the same vicinity that is established pursuant to this article or Division 1.5 (commencing with Section 4800) and any regulations and orders that the commissioner may issue.

51791. (a) This section does not apply to the establishment of an extension of an office pursuant to Division 1.5 (commencing with Section 4800).

(b) No California savings bank may establish an extension of an office without giving the commissioner a notice at least 30 days beforehand.

(c) In deciding a notice by a California savings bank to establish an extension of an office, the commissioner shall consider whether the establishment of the extension of

1 the office will be consistent with the safety and soundness
2 of the California savings bank.

3 (d) Unless the commissioner timely objects to a notice
4 by a California savings bank to establish an extension of
5 an office, after all conditions precedent to the
6 establishment of the extension of the office are fulfilled,
7 the California savings bank may establish and thereafter
8 maintain the extension of the office.

10 CHAPTER 7. AGENCY ACTIVITIES

12 Article 1. General Provisions

14 51800. In this chapter, unless the context otherwise
15 requires:

16 (a) “Authorized agency activities” means receiving
17 deposits, renewing time deposits, closing loans, servicing
18 loans, and receiving payments on loans and other
19 obligations. “Authorized agency activities” includes
20 ministerial functions such as providing loan applications,
21 assembling documents, providing a location for returning
22 documents necessary for making a loan, providing loan
23 account information, receiving payments, disbursing
24 loan funds, evaluating loan applications, and any other
25 activities that the commissioner may specify by order or
26 regulation. However, “authorized agency activities” does
27 not include any other activities that the commissioner
28 may exclude by order or regulation.

29 (b) “Insured depository institution” means any
30 savings bank, commercial bank, savings association, or
31 industrial loan company the deposits of which are insured
32 by the Federal Deposit Insurance Corporation. “Insured
33 depository institution” includes any depository
34 institution affiliate within the meaning of Section 1828(r)
35 of the Federal Deposit Insurance Act (12 U.S.C. Sec.
36 1828(r)).

37 51801. This chapter does not apply to a California
38 savings bank having an insured depository institution
39 engage in authorized agency activities as its agent or to
40 a California savings bank engaging in authorized agency

1 activities as agent for an insured depository institution in
2 any case other than a case where, but for the provisions
3 of Sections 51823 and 51843, an office of the agent would
4 for regulatory purposes be considered to be an office of
5 the principal.

6
7 Article 2. California Savings Bank as Principal
8

9 51820. Notwithstanding the provisions of Chapter 6
10 (commencing with Section 51700), a California savings
11 bank may, with the approval of the commissioner and
12 subject to any regulations and orders that the
13 commissioner may issue, have an insured depository
14 institution engage in authorized agency activities as its
15 agent.

16 51821. In deciding an application by a California
17 savings bank for approval to have an insured depository
18 institution engage in authorized agency activities as its
19 agent, the commissioner shall consider whether the
20 agency arrangement will be consistent with the safety
21 and soundness of the California savings bank.

22 51822. No California savings bank may have an
23 insured depository institution conduct as its agent any
24 activity that the California savings bank is prohibited
25 from conducting itself.

26 51823. No office of an insured depository institution
27 that is performing authorized agency activities as agent
28 for a California savings bank in accordance with this
29 article shall, on that account, be deemed to be an office
30 of the California savings bank.

31 51824. If the commissioner finds that any activity
32 performed by an insured depository institution as agent
33 for a California savings bank is not an authorized agency
34 activity or that the agency arrangement is inconsistent
35 with safe and sound savings banking practices, the
36 commissioner may order the California savings bank to
37 terminate the agency arrangement.

38

Article 3. California State Bank as Agent

51840. Notwithstanding the provisions of Chapter 6 (commencing with Section 51700), a California savings bank may, with the approval of the commissioner and subject to any regulations and orders that the commissioner may issue, engage in authorized agency activities as agent for an insured depository institution.

51841. In deciding an application by a California savings bank for approval to engage in authorized agency activities as agent for an insured depository institution, the commissioner shall consider whether the agency arrangement will be consistent with the safety and soundness of the California savings bank.

51842. No California savings bank may conduct any activity as an agent for an insured depository institution that the California savings bank would be prohibited from conducting as a principal.

51843. (a) No office of a California savings bank that conducts authorized agency activities as agent for an insured depository institution in accordance with this article shall, on that account, be deemed to be an office of the insured depository institution.

(b) For purposes of this code, no insured depository institution that has a California savings bank engage in authorized agency activities as its agent shall on that account be deemed to be transacting business in this state.

51844. If the commissioner finds that any activities performed by a California savings bank as agent for an insured depository institution are not authorized agency activities or that the agency arrangement is inconsistent with safe and sound savings banking practices, the commissioner may order the California savings bank to terminate the agency arrangement.

CHAPTER 8. TRANSACTION OF BUSINESS

Article 1. General Provisions

52000. (a) No California savings bank shall engage in any activities other than one or more of the following types of activities:

(1) Activities that constitute savings banking business.

(2) Activities that are incidental to savings banking business.

(3) Activities that the commissioner finds are appropriate for California savings banks.

(b) No California savings bank shall engage in any activity that the commissioner finds is inappropriate or inadvisable for California savings banks.

52001. For purposes of Section 52000, activities that constitute savings banking business and activities that are incidental to savings banking business include the following, subject to restrictions set forth elsewhere in this division and subject to any regulations and orders that the commissioner may issue:

(a) Accepting deposits.

(b) Making and acquiring loans and otherwise extending credit, including the following:

(1) Issuing credit cards.

(2) Issuing letters of credit.

(3) Accepting drafts.

(4) Paying overdrafts.

(5) Making financing leases of real or personal property.

(c) Investing in debt and equity securities.

(d) Engaging in trust business.

(e) Providing financial services, including the following:

(1) Providing investment advice.

(2) Buying and selling securities and other assets for the accounts of customers.

(3) Providing management consulting services.

(4) Selling insurance.

(5) Appraising real and personal property.

1 52001.5. Subject to the regulations of the
2 commissioner, a savings bank may loan funds as follows:

3 (a) On the security of deposit accounts, but the loan
4 shall not exceed the withdrawal value of the pledged
5 account.

6 (b) On the security of a first lien or junior lien in real
7 estate under a loan commitment, open or closed end line
8 of credit agreement, or other credit agreement.

9 (c) For the purpose of repair, improvement,
10 rehabilitation, furnishing, or equipment of real estate.

11 (d) For the purpose of financing or refinancing an
12 ownership interest in certificates of stock, certificates of
13 beneficial interest, other evidence of an ownership
14 interest in, or a proprietary lease from a corporation,
15 limited liability company, trust, or partnership formed for
16 the purpose of the cooperative ownership of real estate,
17 secured by the assignment or transfer of certificates or
18 other evidence of ownership of the borrower.

19 (e) Through the purchase of loans that, at the time of
20 purchase, the savings bank could make in accordance
21 with this section and the bylaws.

22 (f) Through the purchase of installment contracts for
23 the sale of real estate and title thereto that is subject to the
24 contracts, but in each instance only if the savings bank, at
25 the time of purchase, could make a mortgage loan of the
26 same amount and for the same length of time on the
27 security of the real estate.

28 (g) Through loans guaranteed or insured, wholly or in
29 part, by the United States or any of its instrumentalities.

30 (h) Through secured or unsecured loans for business,
31 corporate, commercial, or agricultural purposes,
32 including corporate bonds.

33 (i) For the purpose of mobile home financing, subject,
34 however, to the regulation of the commissioner.

35 (j) Through loans secured by the cash surrender value
36 of any life insurance policy or any collateral that would be
37 a legal investment under this division if made by the
38 savings bank.

1 (k) Subject to the commissioner's regulations, through
2 loans of a kind that may be made by a California savings
3 and loan association.

4 (l) Through letters of credit or other similar
5 arrangements, including stand-by letters of credit,
6 subject to any restrictions that the commissioner may
7 impose by regulation.

8 (m) For the purpose of motor vehicle financing,
9 subject to the regulation of the commissioner.

10 (n) For the purpose of financing primary, secondary,
11 undergraduate, or postgraduate education.

12 (o) Through unsecured closed-end and open-ended
13 lines of credit that may be accessed by credit card, draft,
14 electronic funds transfer, or other means.

15 (p) As secured or unsecured credit to cover the
16 payment of checks, drafts, or other funds transfer orders
17 in excess of the available balance of an account on which
18 they are drawn, subject to any restrictions that the
19 commissioner may impose by regulation.

20 52001.6. A savings bank may invest funds as provided
21 in this section:

22 (a) In demand, time, or savings deposits or accounts,
23 withdrawable accounts, or other insured obligations of
24 any financial institution the accounts of which are insured
25 by a federal agency or of a financial institution licensed
26 under the Banking Act.

27 (b) In participating interests in loans of a type that the
28 savings bank would be authorized to make.

29 (c) In obligations of, or obligations that are fully
30 guaranteed by the United States and in stocks or
31 obligations of any federal reserve bank, federal home loan
32 bank, the Student Loan Market Association, the
33 Government National Mortgage Association, the Federal
34 National Mortgage Association, the Federal Home Loan
35 Mortgage Corporation, the Federal Deposit Insurance
36 Corporation, or any other agency of the United States.

37 (d) In bonds or other direct obligations of, or
38 guaranteed as to principal and interest by, this state.

39 (e) In obligations that by other laws of this state are
40 made legal investments for savings banks.

1 (f) In bonds or other evidences of indebtedness that
2 are direct general obligations of any unit of local
3 government of this state or in bonds or other evidences
4 of indebtedness that are payable from revenues or
5 earnings specifically pledged therefor of a unit of local
6 governments, but in no event shall the total amount of the
7 securities of any one maker or obligor exceed 15 percent
8 of the savings bank's total capital, nor shall the aggregate
9 amount of investments under this subdivision exceed 15
10 percent of the savings bank's local assets.

11 (g) In land, buildings, fixtures, furniture, equipment,
12 or other property for use by the savings bank, its
13 subsidiaries or affiliates, or to maintain or complete the
14 development of real property that the savings bank
15 acquires by foreclosure or otherwise upon the default of
16 a loan.

17 (h) In obligations of the State of Israel or obligations
18 fully guaranteed by the State of Israel as to payment of
19 principal and interest, but in no event shall the total
20 amount of that investment exceed 15 percent of the
21 savings bank's total capital.

22 (i) In stocks or obligations of business development
23 corporations chartered by this state or by the United
24 States or any agency thereof, but in no event shall the
25 aggregate amount of stock exceed 2.5 percent of the
26 savings bank's total capital or two hundred fifty thousand
27 dollars (\$250,000), whichever is greater.

28 (j) In obligations of urban renewal investment
29 corporations chartered under the laws of this state, or the
30 United States, or in certificates of beneficial interest of
31 urban renewal investment trusts, but in no event shall the
32 aggregate amount of the stock, obligations, or beneficial
33 interest certificates of any one maker exceed 2.5 percent
34 of the savings bank's total capital, nor shall the aggregate
35 amount of investments under this subdivision exceed 15
36 percent of its total capital.

37 (k) In other obligations that are prudent investments
38 in the opinion of the savings bank's board of directors,
39 whose votes on the obligation shall be recorded in the
40 minutes of the meeting of the board.

1 (l) In commercial paper. As used in this subdivision,
2 “commercial paper” means short term obligations having
3 a maturity of not more than 270 days issued by banks,
4 corporations, or other borrowers. Investments in
5 commercial paper under this section shall be in securities
6 rated in one of the four highest categories by a nationally
7 recognized rating service.

8 (m) Purchase of stock in insurance companies.
9 Notwithstanding any provision of this division to the
10 contrary, a savings bank may purchase shares of, or
11 otherwise acquire equity interests in, insurance
12 companies and insurance holding companies organized
13 to provide insurance for savings institutions and
14 corporations and individuals affiliated with savings
15 institutions, provided ownership of equity interests is a
16 prerequisite to obtaining directors and officers’ and
17 blanket bond insurance through the company or
18 companies. The commissioner may adopt regulations
19 concerning the size of each savings bank’s investment
20 and manner of holding those investments.

21 (n) Subject to the regulation of the commissioner, in
22 equity or debt securities or instruments of service
23 corporations or subsidiaries of the savings bank.

24 (o) Through advances of federal funds to designated
25 depositories, provided that the advances are made on the
26 condition that they be repaid on the next business day
27 following the date on which the advance is made. For the
28 purposes of this subdivision, “federal funds” means funds
29 that a savings bank has on deposit at a depository that are
30 exchangeable for funds on deposit at a federal reserve
31 bank, and “business day” means any day on which the
32 savings bank, the depository, and the federal reserve
33 bank where the funds are on deposit are all open for
34 general business.

35 (p) In financial futures or options transactions subject
36 to the regulations adopted by the commissioner.

37 (q) In a subsidiary chartered for the purpose of
38 exercising all powers necessary to act as a corporation
39 fiduciary.

1 (r) In marketable investment securities subject to
2 limitations that the commissioner may impose by
3 regulation.

4 52002. (a) In this section, “federal law” includes, but
5 is not limited to, the United States Constitution, any
6 federal statute, any federal court decision, and any
7 regulation, circular, bulletin, interpretation, decision,
8 order, and waiver issued by a federal agency.

9 (b) Notwithstanding any other provision of law, if the
10 commissioner finds that any provision of federal law
11 grants to national banks or federal savings associations
12 doing business in this state any power not held by
13 California savings banks, the commissioner may by
14 regulation grant the power to California savings banks.

15 (c) (1) Section 11343.4 of Article 5 (commencing with
16 Section 11346) and Article 6 (commencing with Section
17 11349) of Chapter 3.5 of Part 1 of Division 3 of Title 2 of
18 the Government Code do not apply to any regulation
19 adopted under subdivision (b).

20 (2) The commissioner shall file any regulation adopted
21 under subdivision (b) with the Office of Administrative
22 Law for filing with the Secretary of State and publication
23 in the California Code of Regulations.

24 (3) Any regulation adopted under subdivision (b)
25 shall become effective on the date when it is filed with the
26 Secretary of State unless the commissioner prescribes a
27 later date in the regulation or in a written instrument
28 filed with the regulation.

29 (4) Any regulation adopted under subdivision (b)
30 shall expire at 12 p.m. on December 31 of the year
31 following the calendar year in which it becomes effective.

32 (d) (1) The commissioner may not renew or reinstate
33 any regulation adopted under subdivision (b).

34 (2) The commissioner may not adopt a regulation
35 under subdivision (b) that grants substantially the same
36 power as was granted by a regulation that was adopted
37 under subdivision (b) and that expired.

38 52003. (a) A California savings bank shall transact its
39 business in a safe and sound manner and shall maintain
40 itself in a safe and sound condition.

(b) No California savings bank shall commit any unsafe or unsound act.

Article 2. Deposits

52020. The provisions of Chapter 7 (commencing with Section 850) and Chapter 8 (commencing with Section 952) of Division 1 shall apply to, or with respect to, a California savings bank as if it were a California state commercial bank.

Article 3. Extensions of Credit

52040. Except as otherwise provided in Section 52040, no California savings bank may cause or permit the total amount of unsecured extensions of credit outstanding to a single interest to exceed 15 percent of its shareholders' equity or the total amount of secured and unsecured extensions of credit outstanding to a single interest to exceed 25 percent of its shareholders' equity.

52041. The commissioner may issue regulations and orders determining the following:

(a) Circumstances under which extensions of credit shall be deemed to be to a single interest.

(b) Amount of outstanding extensions of credit.

(c) Amount of shareholders' equity.

52042. (a) Section 52040 does not apply to any extension of credit described in any of the following:

(1) Section 1226.

(2) Section 5200(c) of the U.S. Revised Statutes (12 U.S.C. Sec. 84(c)).

(3) Section 5 (c)(1) of the Home Owners' Loan Act (12 U.S.C. Sec. 1464 (c)(1)).

(b) In case any provision referred to in subdivision (a) or any regulation adopted under any such provision specifies a limit on a type of extension of credit, a California savings bank shall comply with the limit. For purposes of calculating any such limit, in the case of a California savings bank, "capital and surplus" or any

1 similar term shall be deemed to mean “shareholders’
2 equity.”

3 52043. For purposes of Section 52040, no extension of
4 credit shall be deemed to be secured unless it meets the
5 requirements set forth for a secured obligation in Section
6 1223.

7
8 Article 4. Debt Investment Securities
9

10 52060. (a) A California savings bank may acquire and
11 hold debt investment securities that are prudent
12 investments.

13 (b) Chapter 9 (commencing with Section 1000) of
14 Division 1 does not apply to a California savings bank.

15 52061. Except as otherwise provided in Section 52063,
16 no California savings bank may cause or permit the debt
17 investment securities held by it that constitute the
18 obligations of a single interest to exceed 15 percent of its
19 shareholders’ equity.

20 52062. The commissioner may issue regulations and
21 orders determining the following:

22 (a) Qualifications of a debt investment security.

23 (b) Circumstances under which obligations
24 represented by debt investment securities shall be
25 deemed to be of a single interest.

26 (c) Amount of debt investment securities.

27 (d) Amount of shareholders’ equity.

28 52063. Section 52061 does not apply to any of the debt
29 investment securities described in Section 1336.

30
31 Article 5. Equity Securities
32

33 52080. No California savings bank may acquire or hold
34 equity securities except as permitted in this article.

35 52081. A California savings bank may acquire and
36 hold equity securities issued by a federal reserve bank,
37 federal home loan bank, or similar organization.

38 52082. (a) A California savings bank may acquire
39 equity securities if and to the extent necessary to prevent

1 or reduce loss arising out of an extension of credit or
2 investment made in good faith.

3 (b) A California savings bank may hold an equity
4 security acquired pursuant to subdivision (a) only until it
5 can dispose of the equity security in a manner that covers
6 the loss, and at that time it shall dispose of the equity
7 security.

8 52083. Subject to regulations and orders that the
9 commissioner may issue, a California savings bank may
10 acquire and hold equity securities issued by a
11 majority-owned subsidiary.

12 52084. Subject to regulations and orders that the
13 commissioner may issue, a California savings bank may
14 acquire and hold equity securities issued by a service
15 corporation.

16 52085. Subject to regulations and orders that the
17 commissioner may issue, a California savings bank may
18 acquire and hold equity securities issued by any person.

19

20 Article 6. Real Property

21

22 52100. No California savings bank may acquire or hold
23 any interest (other than a lien or other security interest
24 acquired or held in connection with an extension of credit
25 or investment) in real property except as permitted in
26 this article.

27 52101. (a) A California savings bank may acquire and
28 hold real property as follows:

29 (1) Property that is necessary or advisable for the
30 transaction of business.

31 (2) Property that is necessary or advisable for the
32 future expansion of business.

33 (b) Real property acquired or held under subdivision
34 (a) may include space for other purposes that is
35 reasonable in amount.

36 52102. (a) A California savings bank may acquire and
37 hold real property as follows:

38 (1) Property that is conveyed to the California savings
39 bank in full or partial satisfaction of extensions of credit
40 previously made in good faith.



1 (2) Property that is acquired by the California savings
2 bank (A) at a sale under a mortgage or deed of trust held
3 by it or (B) under a judgment or decree in its favor.

4 (3) Property that is acquired when necessary to
5 prevent or reduce loss arising out of an extension of credit
6 or investment previously made in good faith or to prevent
7 the elimination of any security interest or lien.

8 (b) A California savings bank shall dispose of any real
9 property that is acquired under subdivision (a) and that
10 is not held for a purpose described in subdivision (a) of
11 Section 52101 whenever the California savings bank can
12 dispose of the real property in a manner sufficient to
13 cover the loss.

14
15 Article 7. Trust Business

16
17 52120. (a) No California savings bank may engage in
18 trust business without the approval of the commissioner.

19 (b) In deciding an application by a California savings
20 bank for approval to engage in trust business, the
21 commissioner shall consider whether it will be consistent
22 with safety and soundness for the California savings bank
23 to engage in trust business.

24 52121. The provisions of Chapter 12 (commencing
25 with Section 1500) of Division 1 apply to or with respect
26 to a California savings bank that engages in trust business
27 as if it were a California state commercial bank
28 authorized to engage in trust business.

29
30 CHAPTER 9. INTERSTATE ACQUISITIONS

31
32 52200. This chapter does not apply to any of the
33 following transactions:

34 (a) An acquisition of control of a California savings
35 bank that requires the approval of the commissioner
36 under Chapter 5 (commencing with Section 51600).

37 (b) A sale or merger that requires the approval of the
38 commissioner under Division 1.5 (commencing with
39 Section 4800).

1 52201. (a) The definitions that are set forth in or are
2 applicable to Section 3(d) of the Bank Holding Company
3 Act of 1956 (12 U.S.C. Sec. 1842(d)) apply to this section.

4 (b) The commissioner may approve an acquisition by
5 a bank holding company that is subject to Section
6 3(d)(2)(B) and (D)(ii) of the Bank Holding Company
7 Act of 1956 (12 U.S.C. Sec. 1842(d)(2)(B) and (D)(ii)) if
8 the commissioner finds that the acquisition is consistent
9 with the public convenience and advantage in this state.

10 52202. (a) Except as otherwise provided in this
11 section, the definitions that are set forth in or are
12 applicable to Section 44 of the Federal Deposit Insurance
13 Act (12 U.S.C. Sec. 1831u) apply to this section.

14 (b) This section does not apply if each bank involved
15 in an interstate merger transaction (including each
16 insured depository institution that is an affiliate of the
17 surviving, resulting, or purchasing bank) that is
18 organized under the laws of this state or that maintains a
19 branch office in this state, is a commercial bank (as
20 defined in Section 51052) or an industrial loan company
21 (as defined in Section 51064).

22 (c) The commissioner may approve an interstate
23 merger transaction that is subject to Section 44(b)(2)(B)
24 and (D)(ii) of the Federal Deposit Insurance Act (12
25 U.S.C. Sec. 1831u(b)(2)(B) and (D)(ii)) if the
26 commissioner finds that the transaction is consistent with
27 the public convenience and advantage in this state.

28 29 CHAPTER 10. FOREIGN (OTHER STATE) SAVINGS BANKS

30 31 Article 1. General Provisions

32
33 52300. In this chapter, unless the context otherwise
34 requires:

35 (a) “Branch business unit” has the meaning set forth
36 in Section 4840.

37 (b) “Whole business unit” has the meaning set forth in
38 Section 4840.

39 52301. (a) In case a foreign (other state) savings
40 bank that is authorized pursuant to the law of its domicile

1 to transact trust business and that maintains a California
 2 branch office or California facility, transacts trust business
 3 at the branch office or facility, in addition to other
 4 provisions of this division that are otherwise applicable to
 5 the foreign (other state) savings bank, the following
 6 provisions of Chapter 12 (commencing with Section
 7 1500) of Division 1 apply to the foreign (other state)
 8 savings bank with respect to its business in this state as if
 9 the foreign (other state) savings bank were a California
 10 state commercial bank authorized to transact trust
 11 business:

12 (1) Article 3 (commencing with Section 1540) of
 13 Chapter 12 of Division 1. For purposes of that article, the
 14 foreign (other state) savings bank's principal place of
 15 business is deemed to be situated in the city in which its
 16 California branch office or California facility is located or,
 17 if it maintains California offices in two or more cities, in
 18 the city with the largest population.

19 (2) Article 4 (commencing with Section 1560) of
 20 Chapter 12 of Division 1, except Section 1560.

21 (3) Article 5 (commencing with Section 1580) of
 22 Chapter 12 of Division 1, except Sections 1583, 1584, and
 23 1588.

24 (b) In case a foreign (other state) savings bank that is
 25 authorized pursuant to the law of its domicile to transact
 26 trust business, that maintains one or more California
 27 branch offices or California facilities, and that has
 28 transacted trust business at the California branch offices
 29 or California facilities, ceases to transact trust business at
 30 the California branch offices or California facilities or
 31 ceases to maintain any California branch office or facility,
 32 the foreign (other state) savings bank shall continue to be
 33 subject to Article 3 (commencing with Section 1540) of
 34 Chapter 12 of Division 1 for the period of time and to the
 35 extent that the commissioner may determine to be
 36 necessary for the protection of the interests of the
 37 account holders of the foreign (other state) savings
 38 bank's trust business in this state or for the protection of
 39 the public interest.



1 52302. Subject to the provisions of Section 52304, in
2 case a foreign (other state) savings bank that maintains
3 a California branch office or California facility is
4 authorized pursuant to the law of its domicile to transact
5 trust business, the foreign (other state) savings bank may
6 engage in and conduct trust business at the branch office
7 or facility and may be appointed by any court to act in any
8 fiduciary capacity in which a California state commercial
9 bank authorized to transact trust business is authorized to
10 act.

11 52303. No foreign (other state) savings bank that
12 maintains a California branch office or California facility
13 may transact at the branch office or facility any of the
14 following types of business:

15 (a) Any business that the foreign (other state) savings
16 bank is not authorized to transact or is prohibited from
17 transacting under the law of its domicile.

18 (b) Any business that California savings banks are not
19 authorized to transact or are prohibited from transacting.

20 52304. Whenever any provision of this chapter or of
21 any regulation or order issued under this chapter that is
22 applicable to or with respect to a foreign (other state)
23 savings bank that maintains a California branch office or
24 California facility is inconsistent with any provision of any
25 other chapter of this division, the former provision
26 applies, and the latter provision does not apply.

27
28 Article 2. California Branch Offices of Insured
29 Foreign (Other State) Savings Banks
30

31 52320. No foreign (other state) savings bank may
32 transact core banking business in this state except at a
33 branch office established pursuant to federal law and the
34 law of the domicile of the bank.

35 52321. Section 52320 does not prohibit:

36 (a) Any foreign (other state) savings bank that does
37 not maintain a California branch office from carrying on
38 the activities described in subdivision (d) of Section 191
39 of the Corporations Code.

(b) Any foreign (other state) savings bank that does not maintain a California branch office from making, in this state, loans secured by liens on real property located in this state.

(c) Any foreign (other state) savings bank from having a California state bank as its agent pursuant to Chapter 6.5 (commencing with Section 800) of Division 1, a California industrial loan company as its agent pursuant to Article 5 (commencing with Section 18700) of Chapter 10 of Division 7, or a California savings bank as its agent pursuant to Chapter 7 (commencing with Section 51800).

52322. No foreign (other state) savings bank may establish or maintain a California branch office unless it is qualified to transact intrastate business in this state under Chapter 21 (commencing with Section 2100) of Division 1 of Title 1 of the Corporations Code.

52323. No foreign (other state) savings bank may establish or maintain a California branch office unless the foreign (other state) savings bank is insured.

52324. (a) (1) No foreign (other state) savings bank may merge as the surviving corporation with a California savings bank, California commercial bank, or California industrial loan company except that an insured foreign (other state) savings bank may do so pursuant to federal law, the law of the domicile of the foreign (other state) bank, this chapter, and Division 1.5 (commencing with Section 4800).

(2) No foreign (other state) savings bank may purchase the whole business unit of a California savings bank, California commercial bank, or California industrial loan company, except that an insured foreign (other state) savings bank may do so pursuant to federal law, the law of the domicile of the foreign (other state) savings bank, this chapter, and Division 1.5 (commencing with Section 4800).

(3) No foreign (other state) savings bank that does not already maintain a California branch office may establish or maintain a California branch office except in the manner described in paragraph (1) or (2) and pursuant

1 to federal law, the law of the domicile of the foreign
2 (other state) bank, and this chapter.

3 (b) This section constitutes:

4 (1) An express prohibition against interstate
5 branching by a foreign (other state) savings bank
6 through the acquisition of a branch business unit located
7 in this state of a California savings bank, California
8 commercial bank, or California industrial loan company,
9 without acquisition of the whole business unit of the
10 California savings bank, California commercial bank, or
11 California industrial loan company, pursuant to Section
12 44(a)(4) of the Federal Deposit Insurance Act (12 U.S.C.
13 Sec. 1831u(a)(4)).

14 (2) An express prohibition against interstate
15 branching by a foreign (other state) savings bank
16 through de novo establishment of a California branch
17 office pursuant to Section 18(d) of the Federal Deposit
18 Insurance Act (12 U.S.C. Sec. 1828(d)).

19 52325. (a) No foreign (other state) savings bank that
20 does not already maintain a California branch office may:

21 (1) Merge as the surviving bank with a California
22 savings bank, California commercial bank, or California
23 industrial loan company pursuant to paragraph (1) of
24 subdivision (a) of Section 52324, unless the California
25 savings bank, California commercial bank, or California
26 industrial loan company has been in existence for at least
27 five years.

28 (2) Purchase the whole business unit of a California
29 savings bank, California commercial bank, or California
30 industrial loan company pursuant to paragraph (2) of
31 subdivision (a) of Section 3824 unless the California
32 savings bank, California commercial bank, or California
33 industrial loan company has been in existence for at least
34 five years.

35 (b) For purposes of this section, a California savings
36 bank, California commercial bank, or California
37 industrial loan company that is established solely for the
38 purpose of, and does not open for business prior to,
39 acquiring the whole business unit of a second California
40 savings bank, California commercial bank, or California

1 industrial loan company through a merger or purchase is
2 deemed to have been in existence for the same period of
3 time as the second California savings bank, California
4 commercial bank, or California industrial loan company.

5 52326. The minimum age requirement set forth in
6 Section 52325 does not apply in any case in which the
7 factor set forth in subdivision (a) and any of the factors
8 set forth in subdivision (b) apply.

9 (a) The foreign (other state) savings bank, by itself or
10 in concurrent transactions with other depository
11 corporations (as defined in Section 4805.06), acquires the
12 whole business unit of the California savings bank,
13 California commercial bank, or California industrial loan
14 company or, if the California savings bank, California
15 commercial bank, or California industrial loan company
16 has been closed or placed in conservatorship, all or
17 substantially all of the insured deposits of a California
18 savings bank, California commercial bank, or California
19 industrial loan company.

20 (b) (1) In the case of a California savings bank, one of
21 the following:

22 (A) The commissioner has taken possession of the
23 property and business of the California savings bank
24 pursuant to Section 3100.

25 (B) The purchase or merger is one with respect to
26 which the Federal Deposit Insurance Corporation
27 provides assistance under Section 13(c) of the Federal
28 Deposit Insurance Act (12 U.S.C. Sec. 1823(c)).

29 (C) The commissioner finds that one or more of the
30 factors listed in Section 3100 exists and that imposing the
31 minimum age requirement of Section 52325 is not in the
32 public interest.

33 (2) In case the California commercial bank is a
34 national bank, one of the following:

35 (A) The bank is in default or in danger of default, as
36 defined in Section 3(x) of the Federal Deposit Insurance
37 Act (12 U.S.C. Sec. 1813(x)).

38 (B) The purchase or merger is one with respect to
39 which the Federal Deposit Insurance Corporation

1 provides assistance under Section 13(c) of the Federal
2 Deposit Insurance Act (12 U.S.C. Sec. 1823(c)).

3 (3) In case the California commercial bank is a state
4 bank, one of the following:

5 (A) The commissioner has taken possession of the
6 property and business of the bank pursuant to Section
7 3100.

8 (B) The purchase or merger is one with respect to
9 which the Federal Deposit Insurance Corporation
10 provides assistance under Section 13(c) of the Federal
11 Deposit Insurance Act (12 U.S.C. Sec. 1823(c)).

12 (C) The commissioner finds that one or more of the
13 factors listed in Section 3100 exists and that imposing the
14 minimum age requirement of Section 52325 is not in the
15 public interest.

16 (4) In the case of a California industrial loan company,
17 one of the following:

18 (A) The commissioner has taken possession of the
19 property and business of the industrial loan company
20 pursuant to Section 18415.

21 (B) The purchase or merger is one with respect to
22 which the Federal Deposit Insurance Corporation
23 provides assistance under Section 13(c) of the Federal
24 Deposit Insurance Act (12 U.S.C. Sec. 1823(c)).

25 (C) The commissioner finds that one or more of the
26 factors listed in Section 18415 exists and that imposing the
27 minimum age requirement of Section 52325 is not in the
28 public interest.

29

30 Article 3. California Facilities of Insured Foreign
31 (Other State) Savings Banks
32

33 52340. No provision of this article applies to an insured
34 foreign (other state) savings bank that maintains a
35 California branch office.

36 52341. (a) No insured foreign (other state) savings
37 bank may establish or maintain an office in this state at
38 which it engages in noncore savings banking business but
39 no core savings banking business, unless it complies with
40 this article.



(b) (1) No person may establish or maintain an office in this state as representative of an insured foreign (other state) savings bank unless the insured foreign (other state) savings bank complies with this article.

(2) For purposes of this article, if any person establishes or maintains an office in this state as representative of an insured foreign (other state) savings bank, the insured foreign (other state) savings bank is deemed to establish and maintain the office as a facility.

52342. Not less than 30 days before an insured foreign (other state) savings bank establishes a California facility, it shall file with the commissioner a report and the appointment called for in Section 52343.

52343. (a) Not less than 30 days before establishing a California facility, an insured foreign (other state) savings bank shall file with the commissioner, in the form that the commissioner may by regulation or order specify, an appointment irrevocably appointing the commissioner and the commissioner's successor from time to time in office to be the savings bank's attorney to receive service of any lawful process in any noncriminal judicial or administrative proceeding against the savings bank or any of its successors that arises out of or is related to the activities in this state of the facility after the appointment has been filed, with the same force and validity as if served personally on the savings bank or its successors, as the case may be.

(b) Any insured foreign (other state) savings bank that maintains a California facility and that has not filed with the commissioner an appointment pursuant to subdivision (a) is deemed by the maintenance of the facility to have appointed the commissioner as its attorney to receive service of any lawful process in any noncriminal judicial or administrative proceeding against the savings bank or any of its successors that arises out of or is related to the activities in this state of the facility, with the same force and validity as if served personally on the savings bank or its successor, as the case may be.

(c) Service may be made on an uninsured foreign (other state) savings bank that has appointed or is

1 deemed to have appointed the commissioner as its
2 attorney for service of process by leaving a copy of the
3 process at any office of the commissioner. However, the
4 service is not effective unless (1) the party making the
5 service, who may be the commissioner, forthwith sends
6 notice of the service and a copy of the process by
7 registered or certified mail to the savings bank served at
8 the last address on file with the commissioner for any of
9 the savings bank's offices in this state or at its head office,
10 and (2) an affidavit of compliance with this subdivision by
11 the party making the service is filed in the case on or
12 before the return date, if any, or within any further time
13 that the court, in the case of a judicial proceeding, or the
14 administrative agency, in the case of an administrative
15 proceeding, allows.

16 52344. Not less than 30 days before an insured foreign
17 (other state) savings bank relocates a California facility,
18 it shall file a report with the commissioner.

19 52345. Not less than 30 days before an insured foreign
20 (other state) bank closes a facility, it shall file a report
21 with the commissioner.

22
23 Article 4. [RESERVED]
24
25

26 CHAPTER 11. HOLDING COMPANIES
27

28 52400. Savings bank holding company means:

29 (a) Any person or company that:

30 (1) Directly or indirectly owns, controls, or holds with
31 power to vote, 10 percent or more of the outstanding
32 stock of any savings bank.

33 (2) Controls in any manner whether by the holding of
34 proxy, or otherwise, the election of a majority of the
35 directors of any savings bank, or of both any savings bank
36 and any national bank located in California.

37 (3) The commissioner determines, after reasonable
38 notice and opportunity for hearing, directly or indirectly
39 exercises, or has power to exercise, a controlling influence
40 over the management and policies of any savings bank, or

1 of both any savings bank and any national bank located
2 in California.

3 (b) Any company that controls in any manner any
4 company that is or becomes a savings bank holding
5 company by virtue of this chapter.

6 52401. The commissioner may from time to time
7 require, under oath or otherwise, reports from any
8 savings bank holding company and its subsidiaries in the
9 form and as to those matters that the commissioner may
10 deem necessary and appropriate, and that are relevant to
11 the jurisdiction and responsibilities of the commissioner
12 under this division.

13 52402. Each savings bank holding company and its
14 subsidiaries shall be subject to examination by the
15 commissioner. The commissioner may use, for this
16 purpose, his or her own examiners or independent public
17 accountants who are disinterested persons. In lieu of
18 making an examination, the commissioner may accept
19 the examination of any savings bank holding company
20 made by any federal agency, any other agency of this
21 state, or any agency of any other state of the United States
22 and may examine the holding company in conjunction
23 with these agencies. If the commissioner examines a
24 savings bank holding company or any of its subsidiaries,
25 other than a savings bank, using the commissioner's own
26 examiners, the savings bank holding company shall pay,
27 within 10 days after receipt of a statement from the
28 commissioner, a fee of two hundred dollars (\$200) per
29 day for each examiner engaged in the examination, and,
30 if it is necessary for an examiner engaged in the
31 examination to travel outside this state, the travel
32 expenses of the examiner. If the commissioner examines
33 a savings bank holding company or any of its subsidiaries,
34 other than a savings bank, using independent public
35 accountants, the savings bank holding company shall pay,
36 within 10 days after receipt of a statement from the
37 commissioner, the fee of the independent public
38 accountants.

1 52403. The fee for filing with the commissioner an
2 application for approval under this chapter is two
3 thousand five hundred dollars (\$2,500).

4 52404. Each savings bank holding company shall
5 register with the commissioner within 180 days after the
6 effective date of the act enacting this section or within 90
7 days after becoming a savings bank holding company,
8 whichever is later. Each savings bank holding company
9 shall register on those forms as may be prescribed by the
10 commissioner that shall include information with respect
11 to the activities, financial conditions, ownership,
12 management, or intercompany relations of the holding
13 company or its material subsidiaries and related matters
14 as the commissioner may deem necessary or appropriate
15 to carry out the purposes of this chapter. The
16 commissioner may accept, as sufficient for purposes of
17 this section, forms filed by the holding company with the
18 Board of Governors of the Federal Reserve System, the
19 Office of Thrift Supervision, or the successor of those
20 offices under federal law.

21 52405. With respect to each savings bank holding
22 company the following shall apply:

23 (a) Each savings bank's holding company shall file
24 with the commissioner reports as required by the
25 commissioner. The form of the reports shall be prescribed
26 by the commissioner and may include whatever
27 information he or she deems necessary concerning the
28 operations of each savings bank holding company or
29 material subsidiary. The commissioner may accept, as
30 sufficient for purposes of this section, reports filed by the
31 holding company with the Office of Thrift Supervision or
32 with the successor of that office under federal law, or with
33 the Securities and Exchange Commission.

34 (b) Each savings bank holding company shall
35 maintain books and records as may be prescribed by the
36 commissioner. The commissioner may accept, as
37 sufficient for purposes of this section, books and records
38 maintained by the company in compliance with the
39 requirements of the Board of Governors of the Federal
40 Reserve System, of the Office of Thrift Supervision, or of

1 the successor of those offices under federal law, or of the
2 Securities and Exchange Commission, or of generally
3 accepted accounting principles.

4 (c) Each savings bank holding company and each
5 subsidiary thereof shall be subject to examination as the
6 commissioner shall prescribe only to the extent necessary
7 to determine whether the holding company or subsidiary
8 has a significant adverse effect on the safety and
9 soundness of the savings bank.

10 (d) Each savings bank holding company operating
11 under this chapter shall be assessed fees and charges by
12 the commissioner as necessary to cover the cost of its
13 examination and supervision under this chapter. The
14 holding company shall pay these fees and charges
15 promptly. The commissioner is empowered to adopt
16 rules and regulations to establish fees to support
17 registration, examination, and supervision under this
18 chapter.

19 52406. Subject to the regulation of the commissioner,
20 a savings bank holding company may acquire control of
21 a subsidiary savings bank or any holding company upon
22 application to and with the prior written approval of the
23 commissioner. The application shall be in the form
24 prescribed by the commissioner and contain information
25 as will enable the commissioner to determine whether
26 the acquisition is consistent with the interest of
27 maintaining a sound financial system and whether the
28 proposed acquisition does not afford a basis for
29 supervisory objection. The commissioner may accept, as
30 sufficient for purposes of this section, a copy of an
31 application filed by the holding company with the Board
32 of Governors of the Federal Reserve System, with the
33 Office of Thrift Supervision, or with the successor of those
34 offices under federal law.

35 52407. (a) A savings bank may reorganize so as to
36 become a holding company by:

37 (1) Chartering one or more subsidiary savings banks,
38 the ownership of which shall be evidenced by stock share,
39 to be owned by the chartering parent savings bank or by
40 a subsidiary of the savings bank; and

1 (2) Any of the following:

2 (A) Merging into the new subsidiary savings bank;

3 (B) Transferring the substantial portion of its assets
4 and all of its insured deposits and part or all of its other
5 liabilities to one or more subsidiary savings banks; or

6 (C) Reorganizing in any other manner as approved by
7 the commissioner.

8 (b) In order to effect reorganization under subdivision
9 (a), the board of directors of the original savings bank
10 shall approve a plan providing for the reorganization that
11 shall be submitted for approval by a majority of the voting
12 members of the savings bank. Approval shall occur in
13 accordance with the savings bank's articles of
14 incorporation and by laws at a meeting called by the
15 board of directors. The commissioner shall adopt rules to
16 regulate the formation of and the ongoing business of the
17 subsidiaries and the holding company, including the
18 rights of members, levels of investment in holding
19 company subsidiaries, and stock sales.

20

21 CHAPTER 12. RECORDS, REPORTS, AND EXAMINATIONS

22

23 Article 1. General Provisions

24

25 52600. In this chapter, unless the context otherwise
26 requires, "subject organization" means any of the
27 following:

28 (a) Any California savings bank.

29 (b) Any parent or subsidiary of a California savings
30 bank.

31 (c) Any foreign (other state) savings bank that
32 maintains a California branch office or California facility.

33

34 Article 2. Records

35

36 52620. (a) A subject organization shall make and
37 keep books, accounts, and other records of the kind, in the
38 form, and in the manner, that the commissioner may by
39 regulation or order specify.



1 (b) All records required under subdivision (a) or
2 under any regulation or order issued under subdivision
3 (a) shall be kept at the place, and shall be preserved for
4 the time, that the commissioner may by regulation or
5 order specify.

6 52621. No California savings bank shall, except with
7 the approval of the commissioner, enter or carry on its
8 books or records any asset at a valuation exceeding the
9 actual cost of the asset to the California savings bank.

10 52622. The commissioner may by order require a
11 California savings bank to write down any asset on its
12 books and records to a valuation which represents its then
13 value.

14
15 Article 3. Reports
16

17 52640. A California savings bank shall, not more than
18 90 days after the close of each of its fiscal years or within
19 any longer period that the commissioner may by
20 regulation or order specify, file with the commissioner an
21 audit report containing:

22 (a) Financial statements (including balance sheet,
23 statement of income or loss, statement of changes in
24 capital accounts, and statement of cash flows) for or as of
25 the end of the fiscal year, prepared with audit by an
26 independent certified public accountant or an
27 independent public accountant in accordance with
28 generally accepted accounting principles.

29 (b) Report, certificate, or opinion of the independent
30 certified public accountant or independent public
31 account, stating that the financial statements were
32 prepared in accordance with generally accepted
33 accounting principles.

34 (c) Any other information that the commissioner may
35 by regulation or order specify.

36 52641. A subject organization shall file with the
37 commissioner reports as and when the commissioner may
38 by regulation or order require.
39

Article 4. Examinations

52660. (a) (1) For purposes of this section, an examination made by the commissioner in conjunction with or with assistance from a bank regulatory agency of the United States or of a state of the United States is deemed to be an examination made by the commissioner.

(2) No provision of this section shall be deemed to require that the commissioner make an examination onsite at the offices of a California savings bank.

(b) The commissioner shall examine each California savings bank that is licensed to engage in savings banking business at least once each calendar year.

52661. The commissioner may at any time examine any subject organization.

52662. The directors, officers, and employees of any subject organization being examined by the commissioner and any other person having custody of any of the books, accounts, or records of the subject organization shall exhibit to the commissioner, on request, any or all of the books, accounts, and other records of the subject organization and shall otherwise facilitate the examination so far as it may be in their power to do so.

52663. The commissioner may, if the commissioner finds it necessary or advisable in the examination of a subject organization, retain any certified public accountant, attorney, appraiser, or other person to assist the commissioner. In case the subject organization is a savings bank, the savings bank, or, in case the subject organization is a parent or subsidiary of a savings bank, the savings bank, shall, within 10 days after receipt of a statement from the commissioner, pay the fees of the person.

52664. (a) No California savings bank shall, except with the approval of the commissioner, cause or permit any other person to make or keep any of its books, accounts, or other records.

(b) In case any person other than a California savings bank makes or keeps any of the books, accounts, or other

records of the California savings bank, the provisions of this division and of any regulation or order issued under this division shall apply to the person with respect to the performance of the services and with respect to the books, accounts, and other records to the same extent as if the person were the California savings bank.

CHAPTER 13. VOLUNTARY SURRENDER OF LICENSE

52800. A California savings bank may surrender its license to engage in savings banking business by filing the license and a report with the commissioner.

52801. (a) Except as otherwise provided in subdivision (b), a voluntary surrender of a license of a California savings bank shall be effective on the 30th day after the license and the report called for in Section 52800 are filed with the commissioner or on any earlier date that the commissioner may by order specify.

(b) If a proceeding to revoke or suspend a license of a California savings bank at the time when the license and the report called for in Section 52800 are filed with the commissioner or if a proceeding to revoke or suspend a license or to impose conditions upon the surrender of a license is instituted before the 30th day after the license and the report called for in Section 52800 are filed with the commissioner, the voluntary surrender of the license shall become effective at the time, and upon the conditions, that the commissioner may by order specify.

52802. Immediately after the voluntary surrender of the license of a California savings bank becomes effective, the California savings bank shall either wind up and dissolve or, if the commissioner approves, change into a non-savings bank corporation by amending its articles and changing its name.

CHAPTER 14. ENFORCEMENT ACTIONS

52900. The commissioner shall take appropriate actions, including the initiation of enforcement actions, the denial of applications, or the issuance of cease and

1 desist orders to prevent insured depository institutions
2 and depository institution holding companies from
3 facilitating or encouraging the shifting of deposits from
4 Savings Association Insurance Fund-assessable deposits
5 under Section 7(b) of the Federal Deposit Insurance Act
6 and Section 21(f)(2) of the Federal Home Loan Bank Act
7 to Bank Insurance Fund-assessable deposits as defined in
8 Section 21(k) of the Federal Home Loan Bank Act for the
9 purpose of evading the assessments imposed on insured
10 depository institutions with respect to SAIF-assessable
11 deposits.

12
13 CHAPTER 15. CIVIL AND CRIMINAL PENALTIES
14

15 Article 1. Civil Penalties
16

17 53000. If, after notice and a hearing, the commissioner
18 finds that any person has violated any provision of this
19 division or of any regulation or order issued under this
20 division, the commissioner may order the person to pay
21 to the commissioner a civil penalty in the amount
22 specified by the commissioner. However, the amount of
23 the civil penalty shall not exceed _____ dollars
24 (\$____) for each violation or, in the case of a
25 continuing violation, _____ dollars (\$____) for
26 each day for which the violation continues.

27
28 Article 2. Criminal Penalties
29

30 53020. Nothing in this division limits the power of the
31 state to punish any person for any act that constitutes a
32 crime under any statute.

